



Communications Market Report: England

Research Document

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Introduction

This is Ofcom's fifth annual review of communications markets in England.

The report offers a detailed overview of communications services across the nation. It provides a comparison of their take-up and use within different parts of England, and contrasts that with other UK nations.

The story of England's communications market in 2009 is one of relatively high take-up of a selection of communications services.

Nine in ten people (90%) claimed to have a mobile handset in Q1 2010, putting England on a par with the UK average. Coverage in England of other services is also comparatively high relative to the UK's smaller nations. A 2G mobile signal is available to 99% of people in England (the UK figure is 97%); higher-speed 3G mobile, which is available to 87% of the UK population, covers 91% of the English population. With mobile signals focusing on densely populated regions of England, and influenced by topography, geographic coverage tends to be lower (in England, 98% for 2G and 87% for 3G).

And 73% claim to have broadband – the highest among the UK's four nations. This is underpinned by cable coverage of 51% and by nearly 100% of fixed telephony exchanges capable of supporting broadband. But we know that even when exchanges support broadband, *actual* speeds experienced by consumers depend on a variety of factors. These include the length of the line from the exchange to a customer's premises, and the number of people connected to a single exchange who are logged on to the internet concurrently.

Digital television take-up in England reached 92% of main sets in Q1 2009, up by 2 percentage points year-on-year, possibly influenced by the completion of several digital switchover programmes across the country. This resulted in Freeview coverage in England rising to 82% over the year.

As competition between communications providers intensifies, a growing proportion of homes are taking services in bundles of two or more. Across England, 52% of homes took a bundle, up by four percentage points year on year. People in the East of England were most likely to take a bundle; those in the West Midlands were least likely.

The growing adoption of digital technologies is influencing how people in England are consuming media content. They typically watch 3.4 – 3.9 hours of TV a day and listen to the radio for 3.1 hours (compared to the averages of 3.8 and 3.1 respectively). They are also making good use of converging media platforms. Forty percent claimed to watch television over the internet, while 15% did the same with radio services (these compare to the UK-wide figures of 38% and 14%). And a fifth (24%) of people in England are now using their mobile handset to access the internet – broadly on a par with the UK average.

There are also themes that unite the UK's nations. Perhaps one of the more striking is common experience of people who live in rural locations throughout the UK. They are less likely to have access to super-fast broadband, a 3G phone signal, and to a choice of suppliers through their local fixed telephony exchange. Our research shows that the average broadband speed delivered to premises in rural locations are typically lower than in urban areas, that fixed-line take-up is often higher, and that households are less likely in rural areas to take communications services in bundles.

The consumer research that informs the report's analysis is based on larger regions this year. This has improved the robustness of the research, and its comparability from region to region. In future editions of this report, this will enable us to make more meaningful year-on-year comparisons. As with earlier editions of this report, the detailed data must be seen in the context in which they are collected. Care must be taken in drawing far-reaching conclusions.

This is just a snapshot of the findings from this year's report. The first section (see page 16) compares England's communications market with the UK's other nations. It goes on to examine the impact of the economic cycle on communications markets in England (page 24). It concludes by examining fixed-broadband and mobile not-spots in England (page 33).

The remainder of the report covers television/audio-visual content; radio/audio content; internet-only content/services and the telecommunications sector. In each, we set out in detail an analysis of industry and consumer data. The sections have been restructured this year to reflect user feedback. The headline findings from the consumer research are set out in a summary 'Fast Facts' table. We have also included consumption of video and audio content over the internet in the 'broadcast' sections (see Sections 2 and 3).

Finally, to make this report and its resources more useable to stakeholders we are, for the first time, publishing all the data and charts in a searchable resource. This can be found at www.ofcom.org.uk/cmrengland.

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

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Fast Facts

Please read the notes below this table for important context and interpretation.

	UK	England	London	South East	South West	East Mids	West Midlands	East England	Yorks & Humber	North East	North West	Scotland	Wales	NI
Digital TV take-up among TV homes ¹	92 ↑+2	92 ↑+2	87	93	97 ↑+7	97 ↑+5	83	93	94 ↑+4	90 ↓-5	99 ↑+6	91	97 ↑+8	87
Broadband take-up ²	71 ↑+3	73 ↑+3	74	80	77	75 ↑+11	62	76	71 ↑+10	67	66	61	64 ↑+6	70 ↑+6
Mobile broadband ²	15 ↑+3	15 ↑+2	19	18	13	14	12 ↑+6	12	15	15	16 ↑+9	12 ↑+5	16 ↑+5	14 ↑+6
Mobile phone take-up ³	89	90	92	90	89	92 ↑+6	85	92	91	87	88	85	89 ↑+4	88
Use mobile to access data, inc. Internet ⁴	23 ↑+3	24 ↑+3	31	24	20	22	18	23	25 ↑+9	25 ↑+9	22 ↑+7	15	23 ↑+5	21
3G handset take-up ⁵	26 ↑+4	26 ↑+3	32	25	24	23	22	25	30	31 ↑+6	24 ↑+12	26 ↑+6	28	18 ↑+4
Fixed landline take-up ⁶	85 ↓-2	86	84	92	90	85	83	92	84	82	82	79	79	81
Households taking bundles ⁷	51 ↑+5	52 ↑+4	49 ↓-10*	56 ↓-5	56 ↑+7	49 ↑+12	41	59 ↑+7	49 ↑+13	54	51 ↑+7	44	44 ↑+9	44
Watching video online ⁸	38 ↑+4	40 ↑+4	42	49	52 ↑+8	41	25	41 ↑+17	39	33	34	28 ↑+7	28	38
Use of social networking ⁹	40 ↑+10	42 ↑+11	42 ↑+12	47	47 ↑+14	44 ↑+10	36 ↑+8	41 ↑+19	42 ↑+14	38	38 ↑+13	27 ↑+7	37 ↑+12	37 ↑+9
Current use of VoIP ⁹	15 ↑+3	16 ↑+3	22	19	19	18	12 ↑+6	15	11 ↓+5	12	10	10	15	15 ↑+6

XX	Figure is higher than that nation's average	XX ↑+xx	Figure has risen by xx percentage points since 2009
XX	Figure is lower than that nation's average	XX ↓-xx	Figure has fallen by xx percentage points since 2009

Notes: 1. The data in this table are based on the results from a consumer survey of over 9,000 UK adults. The large sample size allows us to make robust comparisons between geographic areas of the UK's nations and regions. Statistically significant differences from the nation's average (that we can be 95% confident in) are indicated by red and green boxes and arrows are used to indicate where there has been a statistically significant change from quarter 1 2009. A statistically significant difference means that we can be 95% confident that the difference is real (i.e. a data points higher or lower) – but we cannot be as confident as this in the extent of the difference. 2. It should be noted that the information presented in this table is subject to the same risks of sample error that you would expect to find in any survey research. So, while we can be 95% confident that the changes marked by green or red boxes and arrows are real changes, this does mean that we would expect around 1 in 20 of the apparently statistically significant changes marked to be a result of sample error – rather than being a result of real change. 3. Note that in case the base used is all respondents in the indicated area. This allows each figure to be reported as a proportion of all respondents in that area, and each figure in this table is reported on a consistent basis. The figures will not, however, always match those that are reported in the body of this report – for example digital television take-up, which in the table is reported as 'proportion of all respondents', is analysed in the report as 'proportion of all respondents with television'.

Ofcom Research Q1 2010

Base: n = 9013 UK, 1075 Wales, 5709 England, 1468 Scotland, 761 Northern Ireland, 736 London, 712 SE, 508 SW, 439 EM, 693 WM, 539 EE, 766 Y&H, 456 NE, 860 NW)

Questions

- 1 Which, if any, of these types of television does your household receive at the moment?
- 2 Which of these methods does your household use to connect to the Internet at home?
- 3 Do you personally use a mobile phone?

4Which if any, of the following activities, other than making and receiving voice calls, do you use your mobile for?

5Do you personally use a 3G mobile handset?

6Is there a landline phone in your home that can be used to make and receive calls?

7Do you receive any of these services as part of an overall deal or package from the same supplier?

8Which, if any, of these do you or members of your household use the Internet for whilst at home?

9Have you or anyone in your household ever used one of these services to make voice calls using the Internet at home?

Key points: TV and audio-visual content

The key points in this report relating to television and audio-visual content include:

- **Digital switchover has been completed in two English regions with take-up rising two percentage points to 92%**
Two English regions – the West Country and Granada – have now completed digital switchover. Across England, 92% of people now have digital television, up two percentage points since 2009 (**page 47**).
- **People in England each watch between 3.3 and 3.9 hours of TV per day**
This compares to the UK-wide average of 3.8 hours/person/day; the figure was lowest among viewers in the west of England (3.3 hours/head/day). Across England, the range of hours consumed narrowed slightly year-on-year, from 3.2 – 4.0 in 2008. (**page 61**).
- **More than half (52%) of all people in South West England watch video content online, up by eight percentage points (pp) year-on-year**
Forty per cent of people in England watch TV content over the internet. The figure is highest in the South West (52% - up by 8 pp over the year) and South East (49%) and the East of England (41% - up by 17pp). It is lowest in the West Midlands (25%) the North East (33%) and the North West (34%) (**page 65**).
- **Watching catch-up TV online was most popular in the south of England**
Nearly a quarter (24%) of people in England used the internet to watch catch-up TV. This activity is most popular in the South, with people in London (30%), the South East (31%) and the South West (35%) showing the greatest propensity to access this form of on-demand content (**page 65**).
- **Between 2004 and 2009, viewing of the main PSB channels fell in all regions**
The largest reductions in share were in the North West and South West regions (both 18 percentage points), while the smallest reduction was 11 percentage points in the East of England. The UK average reduction over the same period was 16 percentage points, with an average 58% share of all viewing in 2009 (**page 61**).
- **Viewing of PSB portfolio channels has grown in England**
Between 2004 and 2009 PSB portfolio channel shares in multichannel homes have grown in all English regions, often offsetting parent channel share losses. Where PSB parent channel share rose there were smaller increases in the portfolio channel share (**page 62**).
- **The proportion of spend on network programmes made outside the M25 rose in 2009**
Of the total spent by the BBC and ITV on first-run originated programmes produced outside London and shown to a UK-wide audience, the proportion made in England stood at 33% in 2009 (£596m). This equated to 4,700 hours, or 32% of the total volume of output made outside London (**page 55**).
- **BBC and ITV1 spent £153m on regional TV programmes for viewers in England in 2009, down by 20% year on year**
This was the biggest decline in any of the nations in 2009, but spend on programmes for England still represented 60% of total spending on nations and regions programming, down slightly from 63% in 2008. Over a five-year period, spend on

programmes for England declined by 9% per year since 2004, in line with the UK average (**page 49**).

- **The number of hours of regional television produced for viewers in England in 2009 was 6,790, down 14.6%**

The BBC and ITV1 produced 6,790 hours for TV viewers in England, down by 14.6%, a trend explained partly by the reduced quotas placed on ITV in 2009. The largest single component of the reduction in hours for England was in non-news/non-current affairs output, down by a combined 559 hours (86%) to 88 hours (**page 52**).

- **The volume of BBC TV programmes for the English regions increased by 6%**

Hours of output for viewers in England on BBC One and Two increased by 6% between 2005 and 2009, from 3,963 hours a year to 4,196 hours. The volume of news increased by 6% to 3,928 hours, while hours of current affairs remained relatively stable year on year (**page 55**).

- **Regional hours on ITV fell by 34% over the past five years**

The volume of non-network programmes produced by ITV in the English regions dropped by 34% over the past five years, and the weekly minimum quota was cut to 3 hours 45 minutes a week in all English regions from 2009. Total hours of news programmes across England declined by 502 hours in 2008 to 2,469 in 2009. Non-network programmes dropped by 555 to 55 hours in 2009 as a result of the reductions in quotas and restructuring (**page 57**).

- **Television (48%) remains the main source of local news for people in England**

Consumer research shows that people in England rely most heavily on television for their local news (48%), in line with the UK average of 49%. After television, people in England relied most on newspapers (24%) and radio (10%); both figures roughly in line with the UK average (22% and 10% respectively) (**page 64**).

- **Consumers in England embrace HDTV in spite of the economic downturn**

Consumer research shows that just over one fifth of consumers (21%) claimed to purchase a HD-ready TV set in the last 12 months. This is similar to the UK average of 22% and reflects the entrance of HDTV into the mainstream across the UK (**page 29**).

Key points: radio and audio content

The key points in this report relating to radio and audio content include:

- **Time spent listening to radio fell from 22.3 hours/head/week to 21.9 hours**
Ninety per cent of adults listened to radio services every week in England in the year to March 2010. This was slightly higher than in Scotland (87.3%) and Northern Ireland (89.6%), but below the weekly audience in Wales (90.5%). The time spent listening to radio by a typical English listener was 21.9 hours per week; down from 22.3 hours per week last year (**page 73**).
- **Almost four in ten people in England own a DAB set**
Take-up of DAB digital radio in England had reached 39% of radio listeners by Q1 2010. This was higher than in Northern Ireland (22%), Wales (29%) and Scotland (36%). Radio listeners in rural areas of England were more likely to claim they owned a DAB radio than those in urban areas (41% versus 39% respectively). Around 17% of respondents in England without a DAB radio set said they were likely to purchase one within the next 12 months (**page 80**).
- **One in five people in England listen to radio online; highest in London area**
Listening online had been tried by just over one in five (21%) of respondents in England by Q1 2010; this was higher than in the other nations: Northern Ireland (16%), Scotland (14%), and Wales (12%). Listening online was highest in the London area at 26% (the Inner London area was higher still at 28%). It was lowest in the East Midlands (14%) and the North East (16%) (**page 82**).
- **Listening to radio channels via DTV highest in South West (43%)**
Listening via DTV was notably higher in the South West of England at 43%, possibly aided by switchover in this area. Listening through a DTV decoder in the metropolitan areas of South and West Yorkshire, at 41%, was also higher than the average of 32% across England. Listening via DTV was lowest in the East of England (25%), also an area where DTV take-up is lower (**page 82**).
- **A third use iPods / MP3 players; use is highest in the South East of England**
A third of respondents in England claimed to use an MP3 player or iPod themselves, while 41% said that there was at least one MP3 player in their home. Within the regions ownership was highest in the South East, at 37%, and also above average in the South West and North East, both at 36%. Take-up was lower in the East of England (28%) and the West Midlands (27%); it was particularly low in the West Midlands metropolitan area, at 23% (**page 81**).
- **7% of people in England listen to streamed audio services online**
Listening to streamed audio services like Spotify was still a minority activity, with 7% of people in England using the internet for this purpose by Q1 2010. Listening to audio content in this way was highest in inner London and the South East (both 9%) (**page 86**).
- **BBC spend on local radio in England up 3.1% in 2009/10**
The BBC's per-capita local radio spend is lower in England than in the other UK nations, as a consequence of the larger population. Total BBC spend on local services in the English regions totalled £138m in 2009/10, up by 3.1% on £134m in 2008/09. On a per-capita basis, this was equivalent to £2.82 per person. By

comparison, spend per head was highest in Wales at £11.21, followed by Northern Ireland at £11.12, and in Scotland at £7.82 (**page 75**).

- **Local commercial radio revenues down 12% in 2009**

Revenue generated by the local commercial stations in England stood at almost £322m in 2009; down by 12% from £368m in 2008. This equated to £6.60 per head in England for 2009, higher than revenues in Wales of £5.49, but lower than £7.84 in Scotland and £7.62 in Northern Ireland (**page 76**).

- **Community radio growing in England; 137 stations on air, up by 28 since 2008**

The choice of local radio services has expanded in recent years with the arrival of local not-for-profit community radio stations. The number of community stations in England has continued to grow over the past year - with the number of station licences awarded in England now reaching 178. Of these, 137 stations are already broadcasting to local communities across the country (**page 73**).

Key points: internet and web-based content

The key points in this report relating to internet and web-based content include:

- **More than a quarter of people in inner London use mobile broadband**
Mobile broadband take-up in inner London is the highest of anywhere in the UK, at 27%, and most of these (20%) do not have a fixed broadband connection. Take-up was lowest in the metropolitan West Midlands, at 12% (**page 92**).
- **Londoners are also most likely to use their mobile phone to access the internet**
Twenty three per cent of people living in London use their mobile phone to access the internet, higher than the English average (17%) and the UK average (16%). People in the West Midlands are the least likely to access data using their mobile phones (**page 93**).
- **Involuntary non-ownership of the internet is highest in the metropolitan West Midlands**
Fifteen per cent of people in the West Midlands cite involuntary reasons for not having access to the internet at home (for example, cost). This is similar to levels in Scotland (15%) but below the UK (9%) and England (8%) averages (**page 94**).
- **Four in ten people in England use social networking sites, the highest proportion of any UK nation – and up by 11pp over the year**
Forty-two per cent of people in England now use a social networking site, above the UK average of 40%. Take-up is highest in the South of England (47%), and lowest in the metropolitan West Midlands (**page 97**).
- **Three in ten adults in England access government and council websites online**
Accessing government services online is more popular in England (29%) than in Wales (18%), Northern Ireland (16%) or Scotland (13%). It is most popular in the South of England, the South West (39%), London (37%) and the South East (35%) (**page 95**).
- **More than half of adults in rural areas engage in online banking**
In England 45% of adults use the internet for online banking, a higher level than in Northern Ireland and Wales (36% each) and Scotland (29%). Online banking is most popular in rural areas of England (51%), possibly because it is less easy for people in rural areas to access physical branches (**page 96**).

Key points: telecoms and networks

The key points in this report relating to telecoms and networks include:

- **Broadband take-up in England has more than doubled in the past five years**
Broadband take-up in England is, at 73%, the highest of any UK nation. Since 2005 it has more than doubled from 35%. Take-up is highest in the South East (80%) and lowest in the West Midlands (62%) (**page 111**).
- **Broadband take-up is high in the South East and South West of England**
Broadband take-up is particularly high in the South East (80%) and South West of England (77%) as well as in the East of England (76%) and the East Midlands (75%) (**page 112**).
- **Mobile broadband take-up is also high, especially in London**
Nineteen per cent of people in London now claim to use mobile broadband, more than anywhere else in the UK. Mobile broadband take-up is also high in the South East (18%) and the North West (16%) (**page 112**).
- **There are fewer mobile-only households in England than in other nations**
England has fewer mobile-only households (13%) than any of the other nations. In Scotland and Wales, 19% of homes do not have a fixed line for voice, and in Northern Ireland 18% of households are mobile-only.
- **Over a third of handsets in London and the North East are 3G**
Thirty-two per cent of mobile phone handsets in London, 31% in the North East, and 30% in Yorkshire and Humberside are 3G. The average in England and the UK is 26% (**page 116**).
- **Use of voice over IP is highest in urban areas**
In London (24%) and the South East (25%) more people use VoIP to make voice calls than elsewhere in the UK. VoIP use is also high in the South West (21%) and the East Midlands (19%) (**page 117**).
- **Just over half of homes in England (52%) took a bundle of communications services in Q1 2010, up by four percentage points year on year**
Bundles were more popular in England than anywhere else in the UK, with take-up ranging from 43%-44% in the other nations. Across the UK as whole, half of all homes (50%) took a bundle of communications services in Q1 2010 (**page 21**).



The Communications Market in England

1 The market context

1.1 England: setting the scene

Key facts

Figure	Nation	UK
Population	50.1 million	82.2% of total UK population
Age profile	London – median age 35 South West – median age 41 England average – median age 38 London has the youngest population in the UK, with an average age of 34	Median age 38
Income	Weekly household income: £683 Weekly household expenditure: £465.20	Weekly household income: £669 Weekly household expenditure: £459.70
Unemployment	7.7% of working population	7.7% of working population

Source: Office for National Statistics, 2001 Census,

Research

A note on the English regions survey data

We conducted a face-to-face survey of 9,013 adults in the UK, with 5,709 interviews conducted in England. Fieldwork took place in January and February 2010.

Some of the survey data in this section of the report are split by the geographic areas of England.

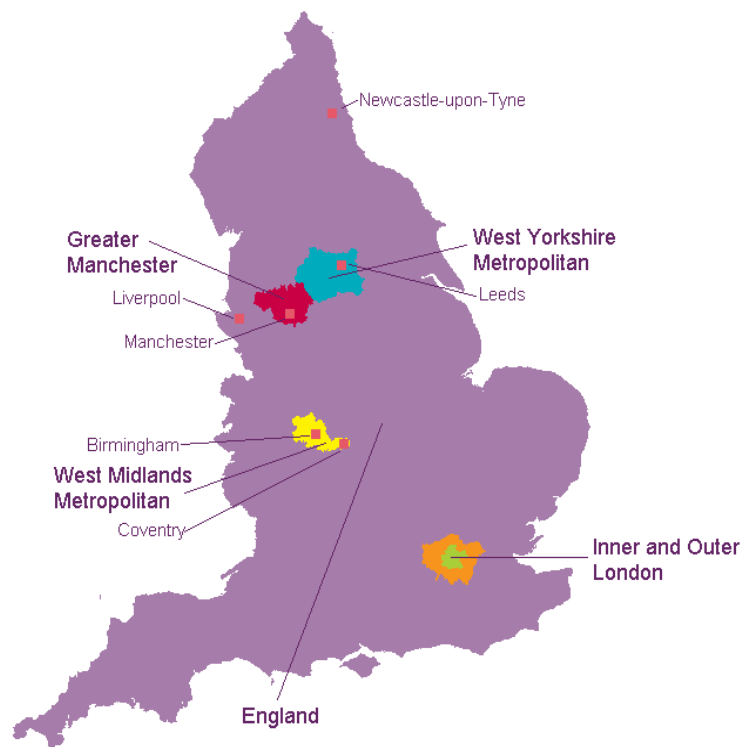
The survey sample in England has error margins of approximately +/- 1-2% at the 95% confidence interval.

In specific geographic areas survey error margins are approximately +/- 6-10%.

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

Direct comparisons between 2009 and 2010 data from specific geographic areas should be made with caution, as in most cases each figure will be subject to error margins of +/- 6-10%. Differences of up to 20 percentage points may still be within the survey margins of error. Annex 1 contains full details of the survey methodology and error margins.

Figure 1.1 Map of research areas in England



*Based on Ordnance Survey data and National Statistics Postcode Directory
Source: Ordnance Survey © Crown copyright 2010; Office for National Statistics*

1.2 England's communications market in the UK context

This section sets out a selection of headline figures for England's communications market, putting them into a UK-wide context.

1.2.1 Availability of communications platforms and services in England

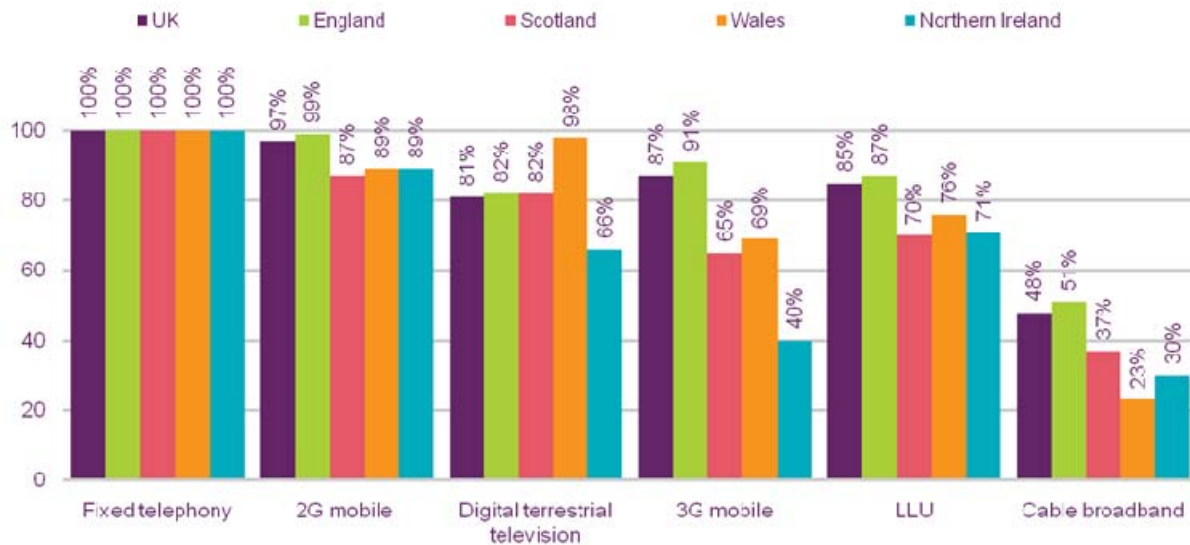
Almost all homes in England are connected to a broadband-enabled telephone exchange

Figure 1.2 illustrates the availability of communications services in England. It compares coverage levels to the comparable figures for the other UK nations and the UK-wide average. With many communications services now well established, service availability in England changed little between 2009 and 2010. The one exception was DTT coverage, which rose somewhat as a result of the completion of switchover in the ITV South West, Granada and West regions.

Coverage of communications services in England varied from universality for some, to those that extend to only a minority of the population:

- Digital terrestrial television availability, offering the full channel line-up, was available to 82% of England's population in 2010. This figure has increased by an estimated nine percentage points year on year. The increase is explained by the fact that the Granada and South West regions have switched to digital television over the last 12 months. Switchover among the remaining regions of England will be completed by 2012, whereupon DTT coverage levels will rise as signal power is increased.
- Broadband delivered over a standard fixed telephony line is available to almost all (99.99%) homes and commercial properties in England. But factors such as line length and contention influence the actual broadband speed at customer premises. Cable broadband, offering access to a high-speed internet service, is available to 51% of homes in England, the highest among the UK's nations.
- 2G mobile services were available to 99% of mobile handset users in England – the highest across the UK's nations. 3G population coverage, while lower than 2G (at 91%) was still extensive in England when compared to other nations in the UK (where 3G population coverage ranged from 40% - 69%).
- The universal service obligation on fixed-line telephony services and dial-up internet access means that it is available to all premises in England, in common with the other UK nations.

Figure 1.2 Communications infrastructure availability across the UK's nations, 2010



Sources: Ofcom

1. Proportion of population living in postal districts where at least one operator reports at least 90% 2G area coverage. Sourced from GSM Association / Europa Technologies (Q1 2008). Note that coverage data has been restated; this means that year-on-year comparisons are not possible.

2. Proportion of population living in postal districts where at least one operator reports at least 90% 3G area coverage. Sourced from GSM Association / Europa Technologies (Q1 2008). Note that coverage data has been restated; this means that year-on-year comparisons are not possible.

3. Proportion of premises able to receive DSL services based on data reported by BT

4. Proportion of households passed by Virgin Media's broadband-enabled network

5. Proportion of households connected to an LLU-enabled exchange

6. Availability of 17 services from; figures based on Ofcom estimates.

7. New DAB coverage estimates are forthcoming. Ofcom is currently leading a process to consider the future spectrum planning requirements of digital radio, to prepare for the digital radio upgrade and to make recommendations to Ministers.

1.2.2 Take-up of communications platforms and services in England

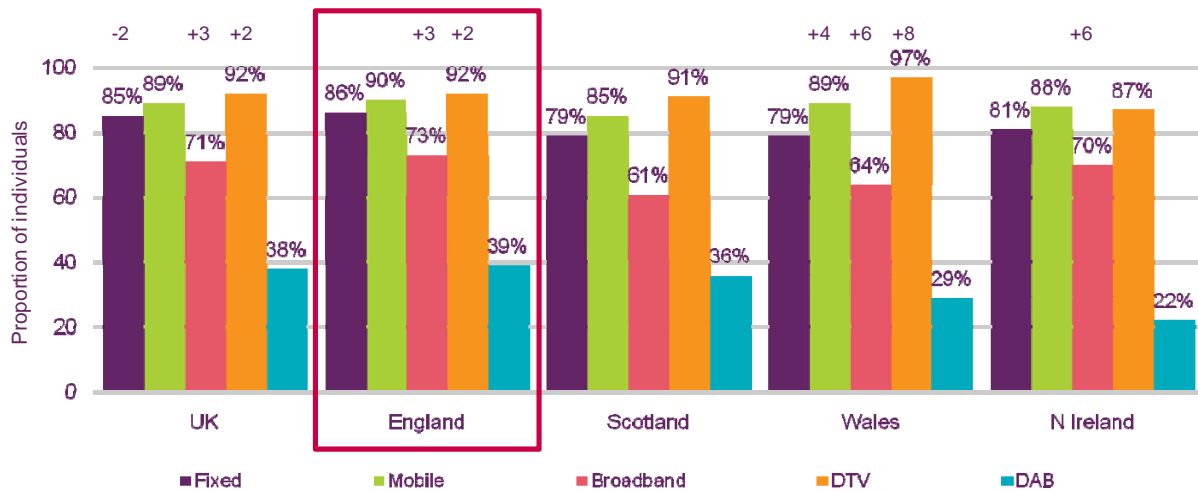
Take-up of communications services in England generally higher than in the three smaller nations

Take-up of communications services in England remained relatively flat year on year and, by and large, at a higher level than in the other UK nations (Figure 1.3):

- Over eight in ten (86%) of people in England claimed to have a fixed telephone line at home. This compares to the UK-wide average of 85%; the gap between the two narrowed by one percentage point year-on-year.
- Broadband take-up, at 73% of homes in England, was the highest among the UK nations. The figure rose by three percentage points year on year – a lower rate of growth when compared to Wales or Northern Ireland, possibly reflecting the proportionally higher levels of take-up in England. The margin between the England and UK-wide figures remained the same with England two percentage points ahead.

- Mobile phone take-up in England, at 90% of individuals, was broadly comparable to the UK-wide average of 89% in Q1 2010, and to penetration in Wales and Northern Ireland. The gap with the UK average remained static at one percentage point over the year.

Figure 1.3 Patterns of communications service adoption across the nations of the UK, 2010



Source: Ofcom research, Q1 2010

Fixed line base: All adults aged 15+ (n = 9013 UK, 5709 England, 1468 Scotland, 1075 Wales, 761 Northern Ireland)

Fixed line question: Is there a landline phone in your home that can be used to make and receive calls?

DTV base: Adults aged 15+ (n = 9013 UK, 5709 England, 1468 Scotland, 970 Wales, 640 Northern Ireland)

DTV question: Which, if any, of these types of television does your household use at the moment?

Broadband base: All adults aged 15+ (n = 9013 UK, 5709 England, 1468 Scotland, 970 Wales, 640 Northern Ireland)

Broadband question: Which of these methods does your household use to connect to the internet at home?

DAB base: Adults aged 15+ who listen to radio (n = 7017 UK, 4476 England, 1034 Scotland, 854 Wales, 653 Northern Ireland)

DAB question: How many DAB sets do you have in your household? Response represents those with one or more sets.

Note: Remaining percentages are Don't know responses

Mobile base: All adults aged 15+ (n = 9013 UK, 5709 England, 1468 Scotland, 970 Wales, 640 Northern Ireland)

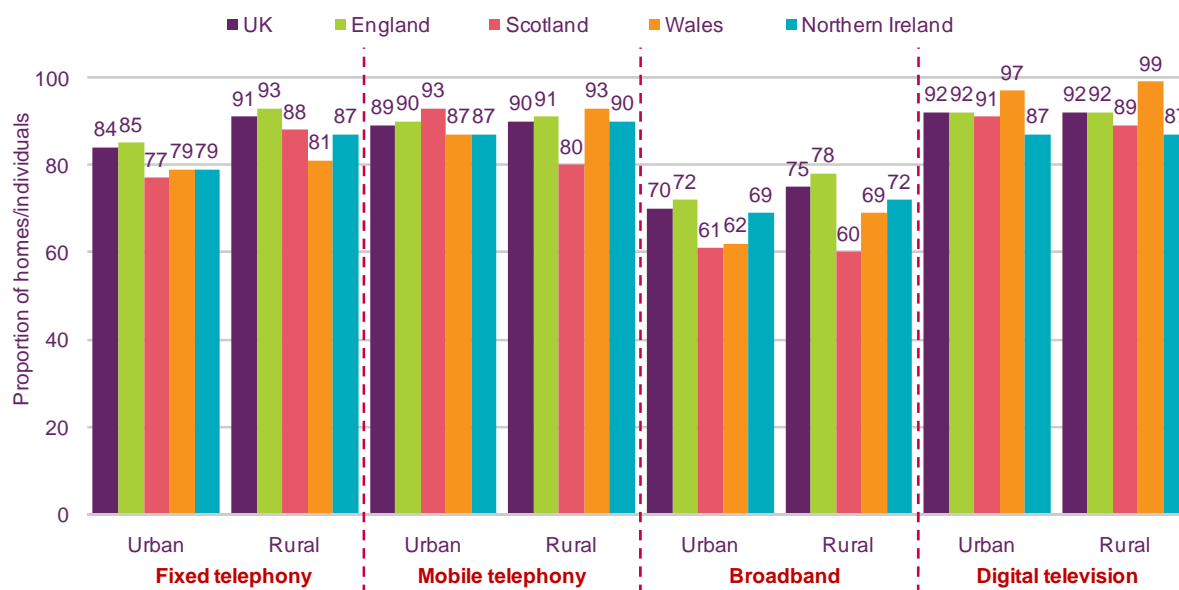
Mobile question: Do you personally use a mobile phone?

Note: The DTV take-up figures in this chart will differ from those presented in the 'Fast facts' table.

The different is explained by the base of households over which the two figures are calculated. In this chart, is it all homes with television; in the fast facts, it is all homes (including those that do not have a television).

Patterns of communications service take-up among people living in urban and rural locations vary by service and type nation. Take-up of fixed telephony services in England is higher among homes situated in rural locations (93% versus 85% in urban locations). Take-up of broadband (fixed or mobile) is also higher in rural locations (70% versus 75%). There is no material differences in the adoption of either mobile telephony nor digital television by location in England.

Figure 1.4 Adoption of communications technology/service in urban and rural locations



Source: Ofcom research, Q1 2010. For questions see notes beneath Figure 1.3. Consumer take-up of bundled services in England

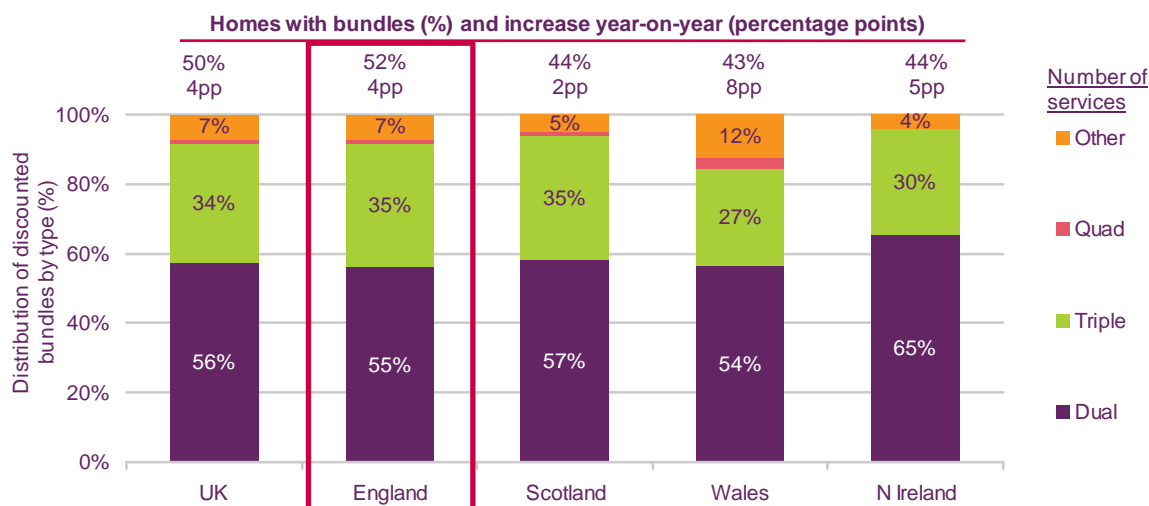
52% of homes in England took a bundle of communications services, up by four percentage points year on year

Across the UK, 50% of homes took a bundle of communications services in Q1 2010. This was up by four percentage points year on year. The most popular type of bundle – taken by more than half (56%) of those who chose a bundle – was a ‘dual’ package of services such as fixed-line telephony and broadband.

In England, 52% of homes took a bundle. Their popularity grew during 2009, with take-up rising by four percentage points over the year. As a result, the gap with the UK-wide average remained static at two percentage points above. Bundles were more popular in England than anywhere else in the UK, with take-up in the smaller nations ranging from 43% to 44% of homes.

The distribution of bundles, by type, in England was skewed towards dual-play packages, which accounted for 55% of all bundles. Triple-play accounted for a further 35% of the total. This distribution was comparable to that in Scotland; triple-play was less popular in both Wales and Northern Ireland.

Figure 1.5 Take-up of bundles, by nation



Source: Ofcom research, Q1 2010

Base: All adults aged 15+ with a package of services regardless of whether or not these include a discount (n = 4167 UK, 2793 England, 605 Scotland, 437 Wales, 332 Northern Ireland)

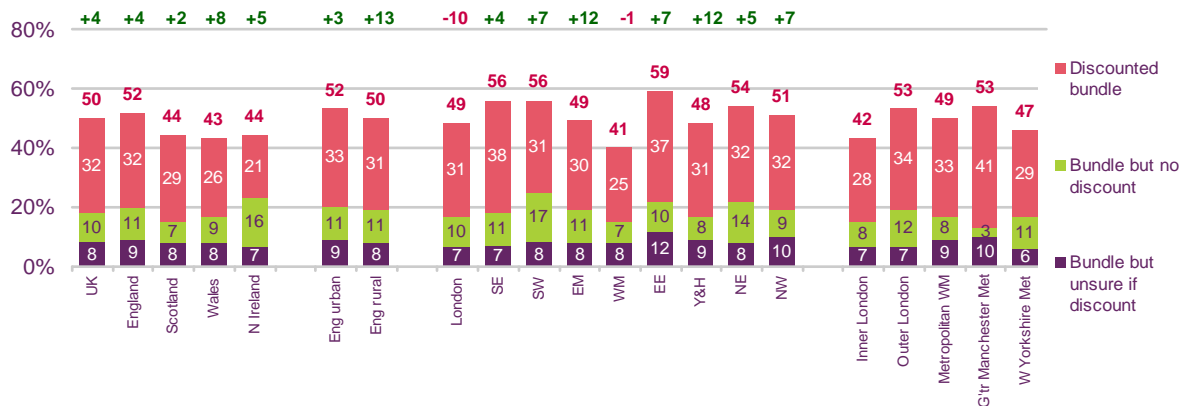
Notes: 1. Remaining percentages are Don't know responses. 2. Bundling is also considered in the UK report; that analysis is based on bespoke research, with a headline bundling figure of 48% (not 50%). The difference arises from different definitions of bundles used in the two pieces of research. In this report a bundle is defined as one where all services are on a single bill, with or without discount. In the UK report research, the definition was of two or more services from one supplier on a single bill and receiving a discount.

Consumers in the East of England most likely to take bundles of communications services

Across England, take-up of bundles is a little lower in rural parts of the nation (50% versus 52% for urban locations). This may reflect the fact that these areas are less well-served by both cable and unbundled exchanges than the rest of the UK, reducing the supply of bundles and discounted packages available. But the difference between the two figures was less pronounced in the case of England compared to the other three smaller nations. Take-up peaked at 59% of homes in the East of England (well above the UK-wide average of 50%).

Figure 1.6 Proportion of customers buying bundled services, 2009-2010

Figure above bar shows % point change in any bundling from Q1 2009



Source: Ofcom research, Q1 2010

Base: All adults aged 15+ (n = 9013 UK, 1468 Scotland, 5709 England, 1075 Wales, 761 Northern Ireland, 1172 Scotland urban, 296 Scotland rural, 368 Glasgow, Clyde & Lanarkshire, 357 Lothian & Forth Valley, 363 Grampian Tayside & Fife, 380 other Scotland)

QG1. Do you receive more than one of these services as part of an overall deal or package from the same supplier? QG3b. Do you receive a discount or special deal for subscribing to this package of services?

1.2.3 Spending by public service broadcasters on television and radio content in England

Error! Reference source not found. illustrates patterns of expenditure in England on broadcasting output. It adjusts for population size by expressing spend on a per-head basis. The chart sets out three types of expenditure:

- the value of networked television spending in England – programmes that are produced in England, which are then broadcast to all UK viewers;
- BBC spending on radio services for listeners in England (BBC local radio services); and
- spend by the BBC and ITV1 on television programmes specifically for viewers in England.

Total spending per head on broadcast-based output in England totalled £38.34 in 2009, down from £41.95 12 months earlier. This represented the second-highest spend per head across the four nations, driven by the high levels of spending in England on TV output produced for a UK-wide audience.

Figure 1.7 Spend per head on UK-originated content broadcast by PSBs on TV and radio, 2010



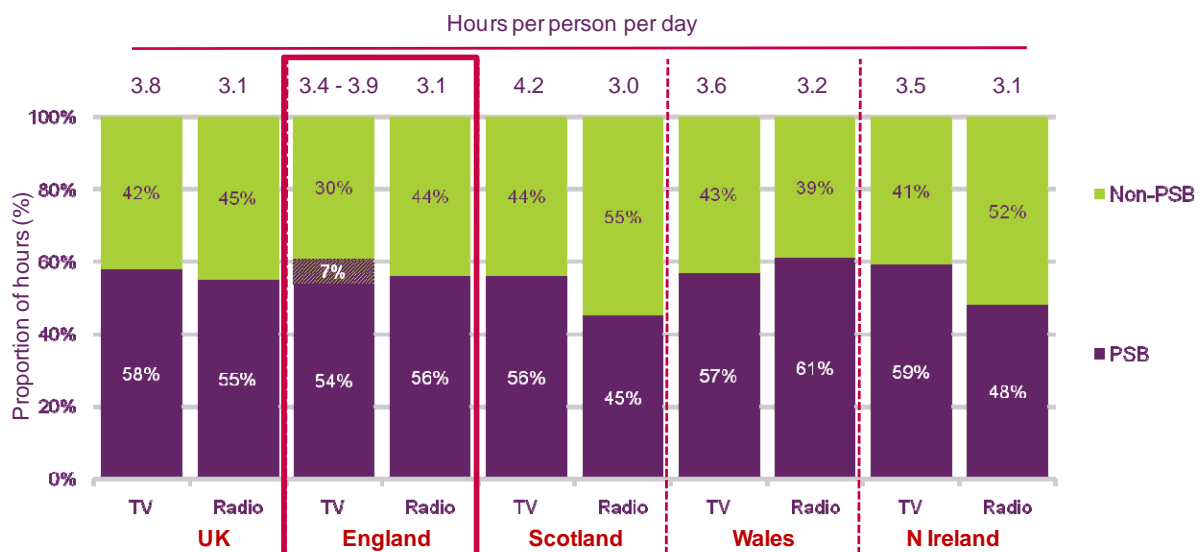
Source: Ofcom analysis and broadcasters

1.2.4 Consumption of television and radio services by people in England

PSBs command the lowest TV viewing shares in the UK in London and the Border regions (54%)

People in England spend a total of between 6.5 and 7.0 hours a day watching television and listening to the radio. This compares to the UK-wide average of 6.9 hours per day. Levels of radio listening in England were broadly comparable to the UK-wide average (3.1 hours/day). The BBC's radio services held a 56% share of listening in England in 2009/10, higher than in Scotland (46%) and Northern Ireland (53%), but lower than in Wales (63%). PSB channels on the television took a share of viewing that ranged from 54% (in London/Border regions) to 61% (in the East of England). This straddled the UK-wide average of 58%.

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



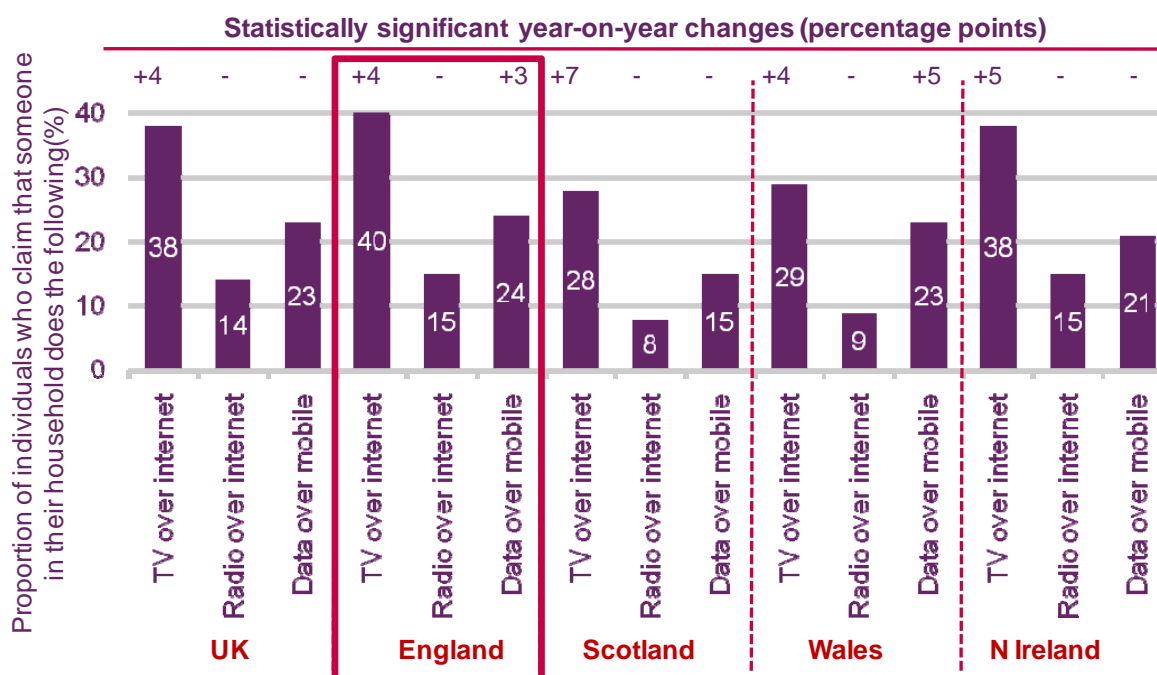
Source: BARB and RAJAR analysis

1.2.5 Use of converged platforms and devices by people in England

Four in ten internet users in England use the web to watch television content; one in five use their mobile phone to access the internet

Four in ten people in England (40%) claimed to be using their internet connection to watch television services; broadly in line with the UK-wide average and up by four percentage points year on year. Fifteen per cent of respondents also claimed to use the internet to listen to the radio over the internet Q1 2010, again on a par with the UK. A fifth (24%) of people in England used their mobile handset to access the internet, up by three percentage points year on year.

Figure 1.9 Consumers' use of converging platforms



Source: Ofcom research, Q1 2010

Base: All adults aged 15+ (n = 9013 UK, 5709 England, 1468 Scotland, 1075 Wales, 761 Northern Ireland)

Q: For the TV and Radio question - Which, if any, of these do you or members of your household use the Internet for whilst at home?

For the Data question - Which if any, of the following activities, other than making and receiving voice calls, do you use your mobile for? Figure represents the number of responses to the following: download free applications, download paid-for applications, send/receive emails, access the internet, connect to the internet using WiFi, use VoIP services, download a new video clip, video streaming, TV streaming, access/ receive sports/ team news/ scores, access/ receive news, use IM/ Instant messaging

1.3 England: Communications and the economy

1.3.1 Introduction

Since the last *Communications Market Report for England* was published in August 2009, the UK economy has shown signs of recovery following the official end of the recession. In last year's report we explored the impact of the economic downturn on consumer attitudes towards communications services. In June 2010 we repeated last year's study to update the findings and assess to what extent consumer spending and attitudes towards communications services across England have changed in comparison to 12 months ago.

1.3.2 Consumer spending on communications services

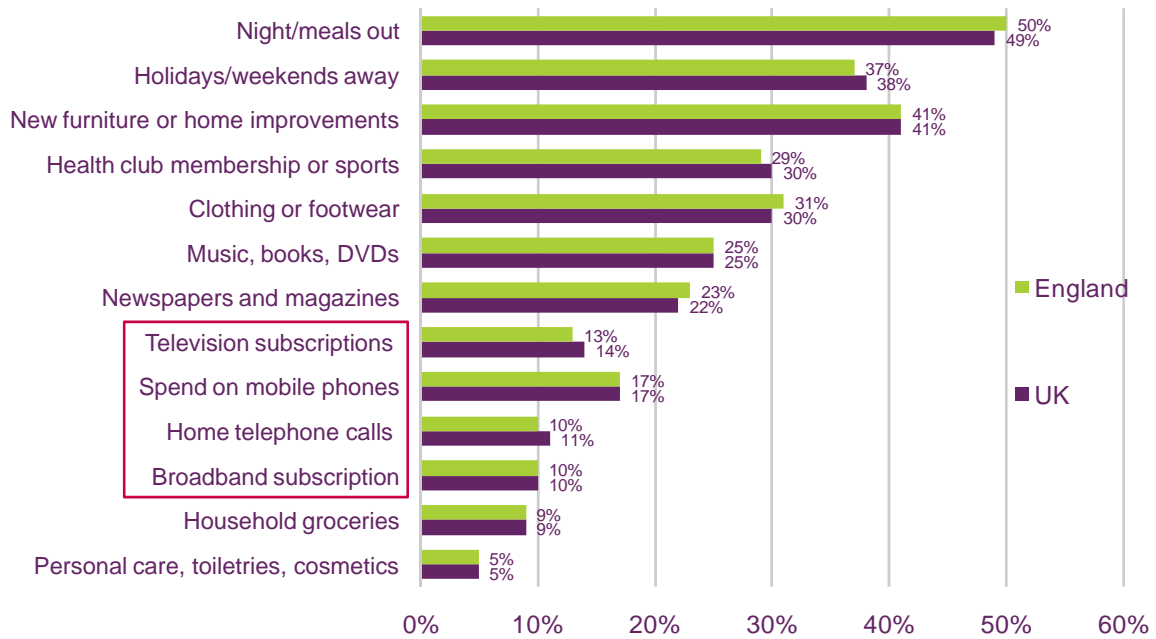
Consumers in England continue to value their communications services relative to other items

As shown in Figure 1.10, consumers in England continue to value their communications services relative to other items, as overall economic conditions have begun to improve. Similarly to the UK as a whole, consumers in England were more likely to cut back on items such as meals/nights out (50%) or new furniture/home improvements (41%) than on communications services.

Only 10% of respondents in England placed their broadband subscription in their top three items most likely to be cut, while less than a fifth of consumers selected their mobile phone or pay-TV subscription. In line with the UK average, the only items less dispensable than these four communications services were household groceries (9%) and toiletries/cosmetics (5%).

Figure 1.10 Items where consumers are most likely to cut back their spending

Items mentioned as first, second or third choice (%)



Source: Ofcom-commissioned research

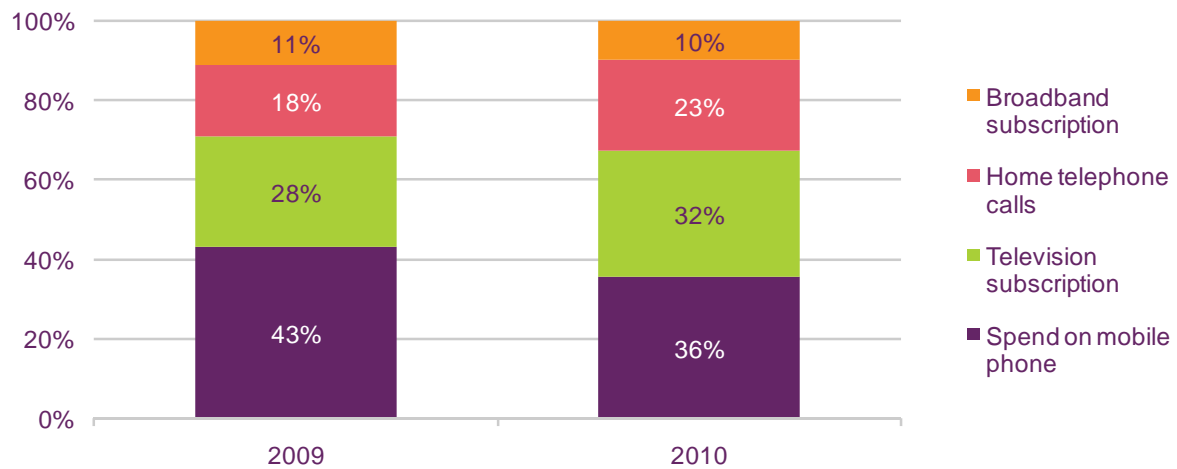
Base: Total sample UK (n=2444), England (n=1727)

Question: If you were forced to cut back on spending, which of the following items would you be most likely to spend less on?

If forced to choose, consumers in England with all four communications services were most likely to cut back spending on their mobile phone, despite the proportion of respondents choosing mobile decreasing by seven percentage points since 2009. The proportion of respondents in England selecting home telephone calls and their pay-TV subscription also fell year on year, by four and five percentage points respectively.

Figure 1.11 The communications services on which consumers would be most likely to cut spend

Proportion of respondents agreeing/disagreeing (%)



Source: Ofcom-commissioned research

Base: Those with all four communications services 2009 (n=632) 2010 (n=591)

Question: Which ONE of the following would you be most likely to cut back spending on?

English consumers believe that communications providers are responding to the recession with better deals

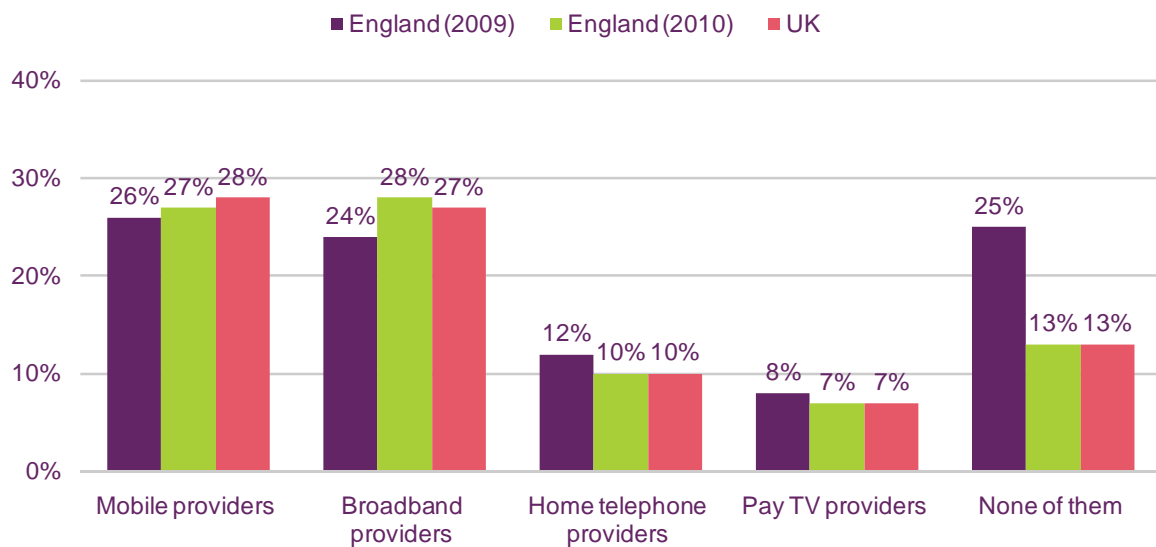
A greater proportion of consumers in England and throughout the UK believe that communications providers are offering better deals now than 12 months ago.

In 2009 a quarter of respondents in England believed that *no* communications providers were offering better deals; in 2010 this figure dropped to just 13%. This decrease is consistent with a similar trend across the UK and in all nations and regions. It suggests that consumers throughout the UK are gaining confidence that providers are responding to the recession, by offering better-value packages for communications services.

Our research indicated that some communications services are perceived to be offering better deals within England than others, as over a quarter of respondents (27% and 28% respectively) agreed that mobile and broadband providers were offering better packages. Following a similar pattern to 2009, only a minority of our sample agreed with this statement for home telephone providers (10%) and pay-TV services (7%).

Figure 1.12 Proportion of English consumers agreeing that communications providers offer better deals now than a year ago

Proportion of respondents agreeing (%)



Source Ofcom-commissioned research

Base: Total sample UK (n=2444) England (2009 n=1747, 2010 n=1727)

Question: And which of the following providers, if any are offering better deals than they were 12 months ago?

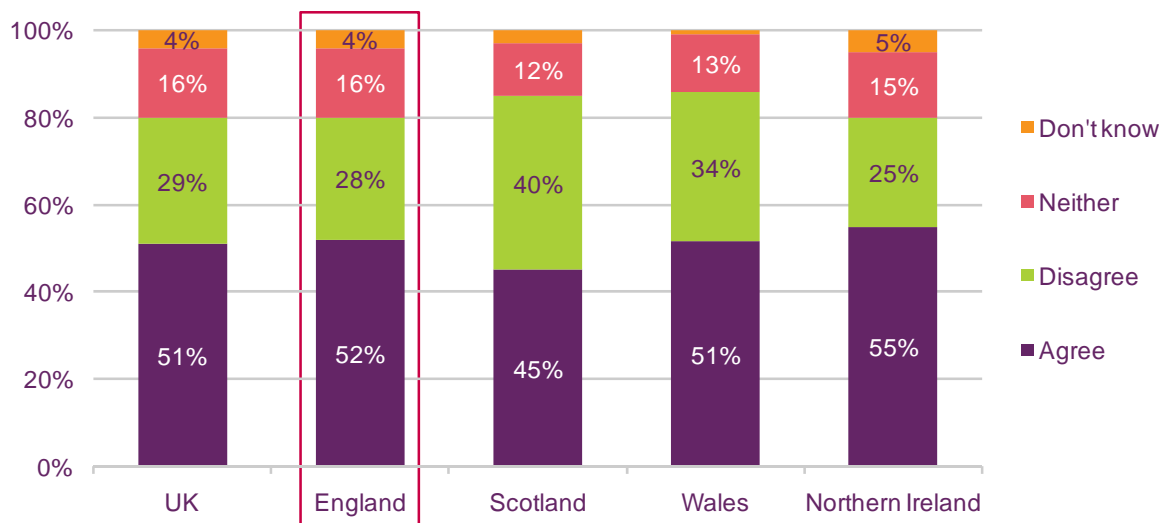
1.3.3 Bundling

Bundled communications services continue to be popular among English consumers

As in the rest of the UK, purchasing multiple communications services from the same provider continues to be popular among English consumers. Just over half of all respondents (52%) agreed they are more likely to take communications services in a bundle now than they were 12 months ago. This finding is also supported by the latest Ofcom research, which shows that 52% of homes in England took a bundle of communications services in Q1 2010.

Figure 1.13 Consumers' agreement/disagreement that they were more likely to take communications services in a bundle by nation

Proportion of respondents (%)



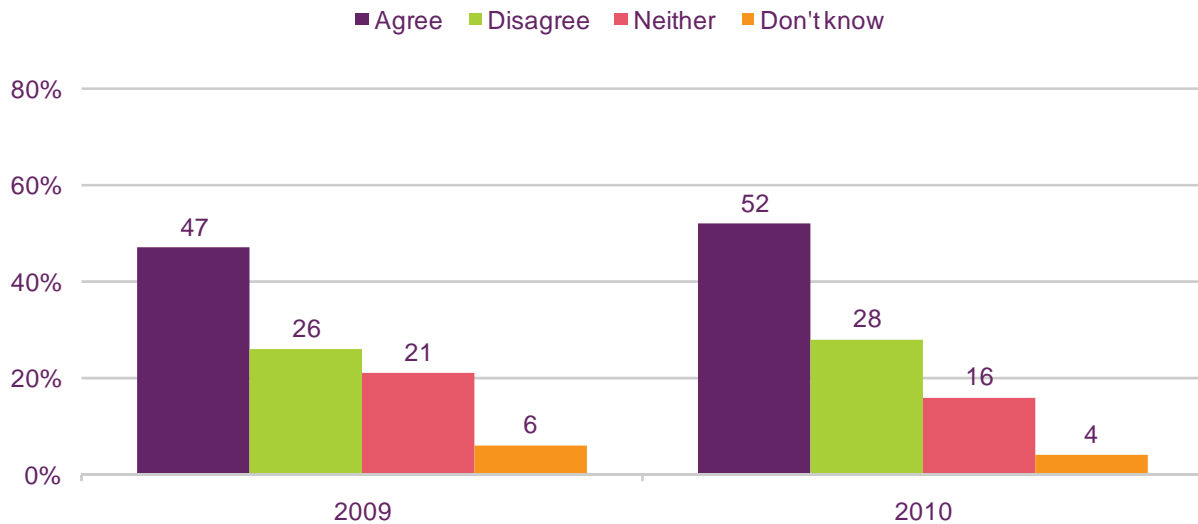
Source: Ofcom-commissioned research

Base: Total sample (n = 2444) England (n = 1727) Scotland (n = 285) Wales (n = 203) Northern Ireland (n = 229) Question: How much do you agree or disagree... I'm more likely to consider purchasing TV, broadband and phone services in a package from the same supplier as it offers better value for money

As illustrated in Figure 1.14 below, the current popularity of bundling among English consumers is also consistent with our 2009 study, in which 47% of respondents agreed that they were more likely to take a bundle. In 2010 the proportion of consumers agreeing with this statement rose slightly, by five percentage points, to reach 52%.

Figure 1.14 English consumers' agreement/disagreement that they were more likely to take communications services

Proportion of respondents (%)



Source: Ofcom-commissioned research

Base: Total sample (2009, n=1747) (2010, n=1727)

Question: How much do you agree or disagree... I'm more likely to consider purchasing TV, broadband and phone services in a package from the same supplier as it offers better value for money

1.3.4 Acquisition of new communications equipment

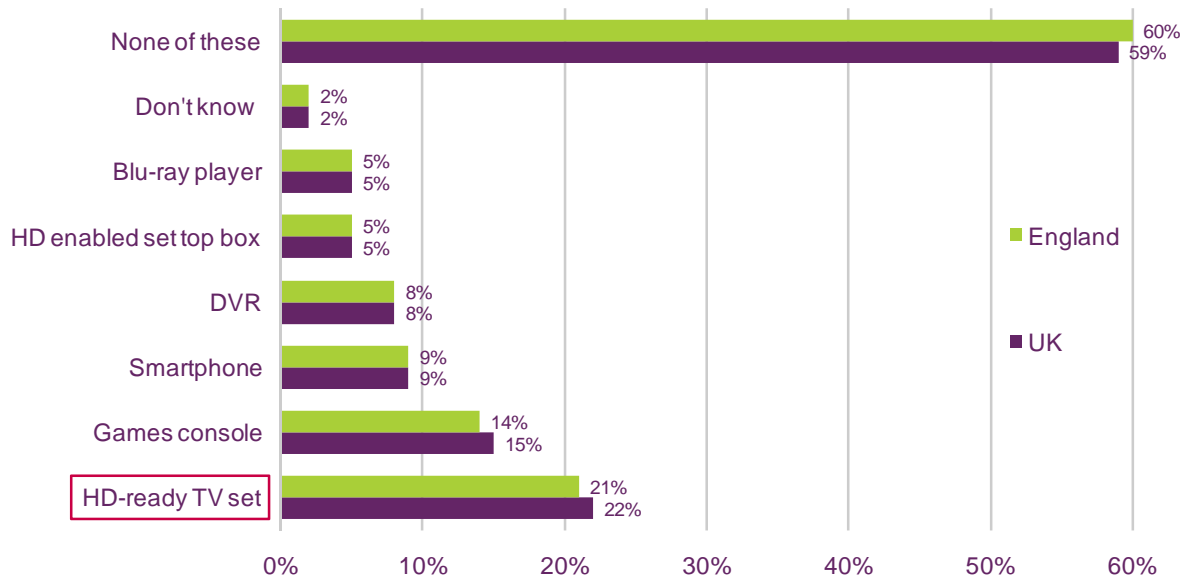
English consumers embrace HDTV in spite of the economic downturn

Although the majority of respondents in England (60%) claimed not to have purchased any of the selected communication devices listed in Figure 1.15, just over a fifth (21%) of our sample claimed to have bought a HD-ready TV during the past year. This finding closely mirrors the UK average, as 22% of respondents across the UK also agreed with this statement.

These findings may reflect the entrance of HDTV into the mainstream across England and the rest of the UK over the last 12 months, with around 7 million HD-ready TV sets sold during 2009 and over 24 million sold to date. However, the relatively smaller proportion of consumers who have purchased a HD-enabled set-top box (5%) suggests that there is a considerable gap between those with HD-ready TV sets and those actually viewing HD content.

Figure 1.15 Selected communication devices bought in the past 12 months

Proportion of respondents (%)



Source: Ofcom-commissioned research

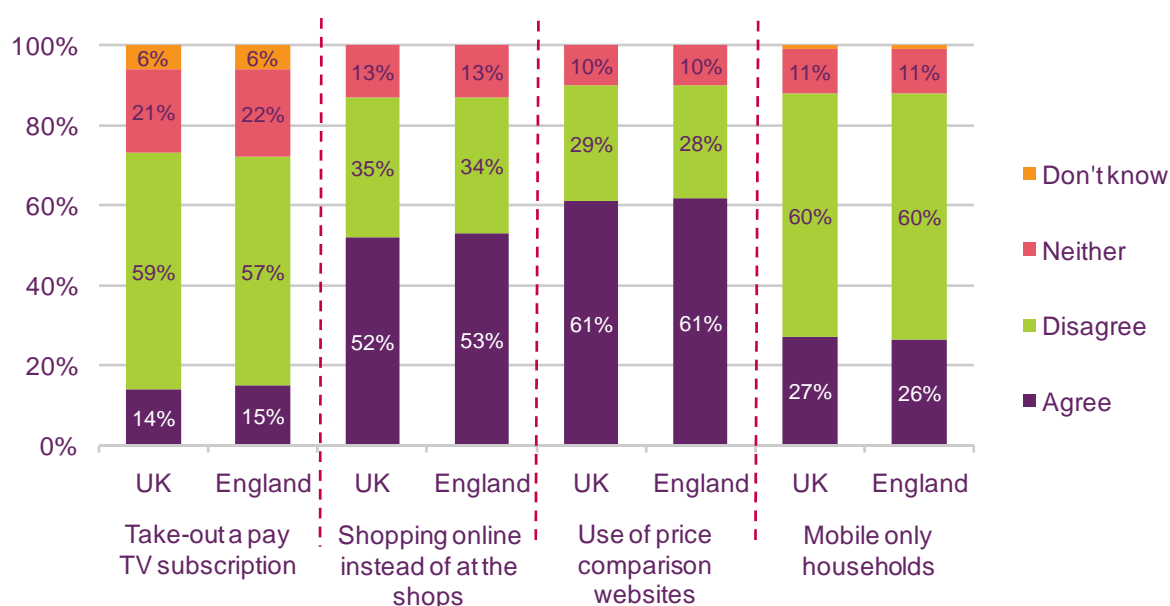
Base: Total sample (UK n=2444, England n=1727)

Question: Which, if any, of these products or services have you or your household bought in the last 12 months?

As shown in Figure 1.16, the majority of consumers in England without pay-TV appear more reluctant to take out a pay-TV subscription than they were 12 months ago, with 57% of respondents disagreeing with this statement. Conversely, one in every six respondents in England (61%) claimed to be more likely to use price comparison websites to get a better deal when shopping online.

Figure 1.16 Consumers' agreement/disagreement with a range of statements exploring changes in behaviour over the last 12 months

Proportion of respondents agreeing/disagreeing (%)



Source: Ofcom-commissioned research

Base: UK (n=1300, 1554, 1554, 2099) England (n=957, 1153, 1153, 1478) Question: I am now going to read out a number of statements other people have made about how the recession has changed their spending on TV, broadband, mobile and home phone services. For each statement please tell me how much you agree or disagree

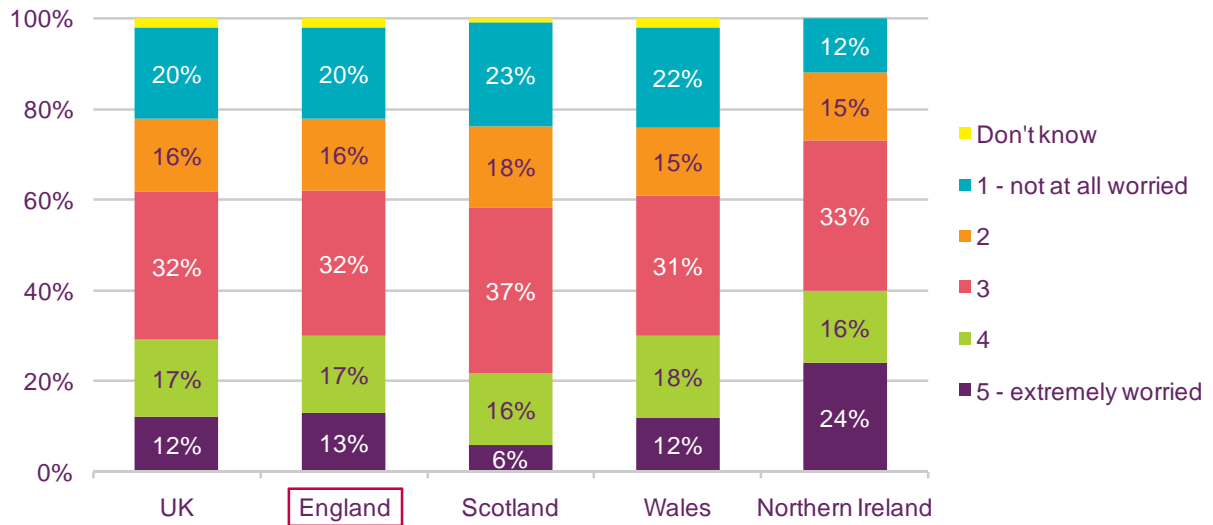
1.3.5 Attitudes of English consumers towards the economy

Despite the official end of recession in the UK, attitudes towards the economic downturn among consumers in England appear to have remained constant over the past year.

The attitudes of English respondents closely matched the UK as a whole, as 30% of respondents in England continue to be worried about the current economic situation, with 13% claiming they were 'extremely worried' about its impact personally. As in 2009, Figure 1.17 also shows that a slightly larger proportion of consumers England (36%) felt unworried by the downturn overall and a fifth of all consumers (20%) claimed they were "not at all worried".

Figure 1.17 Consumer attitudes towards the recession, by nation

Proportion of respondents agreeing/disagreeing (%)



Source: Ofcom-commissioned research

Base: Total sample (n = 2444) England (n = 1727) Scotland (n = 285) Wales (n = 203) Northern Ireland (n = 229)

Question: On a scale of 1 to 5, where 5 is extremely worried and 1 is not at all worried, how worried are you about being personally affected by the recession?

1.4 ‘Not-spots’: the English consumer experience

1.4.1 Introduction and context

This year, one of Ofcom’s annual planning priorities is to make progress on broadband and mobile phone not-spots¹. To reflect this, this section brings together in one place relevant data that have in the past featured throughout the *CMR: England* report.

Section 1.4 below sets out the context for availability and take-up of broadband and mobile services in England.

The overall picture is that a good proportion of the English population have access to 2G mobile and fixed-broadband services at home, and a substantial proportion of the population claim to have both.

At the same time, there are limitations on the ability of broadband-enabled fixed telephone exchanges to deliver high bandwidth. These limitations include long line lengths from the local exchange to the consumer’s premises, which can compromise the ability of fixed lines to support popular internet-based activities such as watching broadcast-quality television output.

Moreover, while mobile population coverage in England is comparatively high, the figure for geographic coverage is lower. The result is that a proportion of England’s landmass is not covered by a mobile service from any operator.

1.4.2 Fixed broadband services

In some parts of England, very slow ‘broadband’ speeds may inhibit internet use

Virtually all local telephone exchanges in England are now DSL-enabled, meaning that most homes in England now have access to a broadband service. However, because of the length and/or quality of the copper telephone wire between exchanges and consumer premises, not all consumers are able to receive downstream broadband speeds sufficient for many internet applications.

Broadband not-spots typically arise when the length or quality of copper telephone lines is not sufficient to support speeds via DSL broadband which are much higher than those available through ‘dial-up’ internet access. Generally, not-spots are most likely to arise in rural areas where there can be long distances between homes and the local exchange. However, this can also be the case in some urban areas, for example when new housing developments are built on the edges of towns and are served by telephone exchanges in town centres.

The 2009 *Digital Britain* report^[1] estimated that around 11% of UK households were unable to get a broadband service with a downstream speed of 2Mbit/s or more. This is the connection speed the report believed was necessary to stream a TV programme and watch it online.²

¹ Ofcom Annual Plan 2010/11:

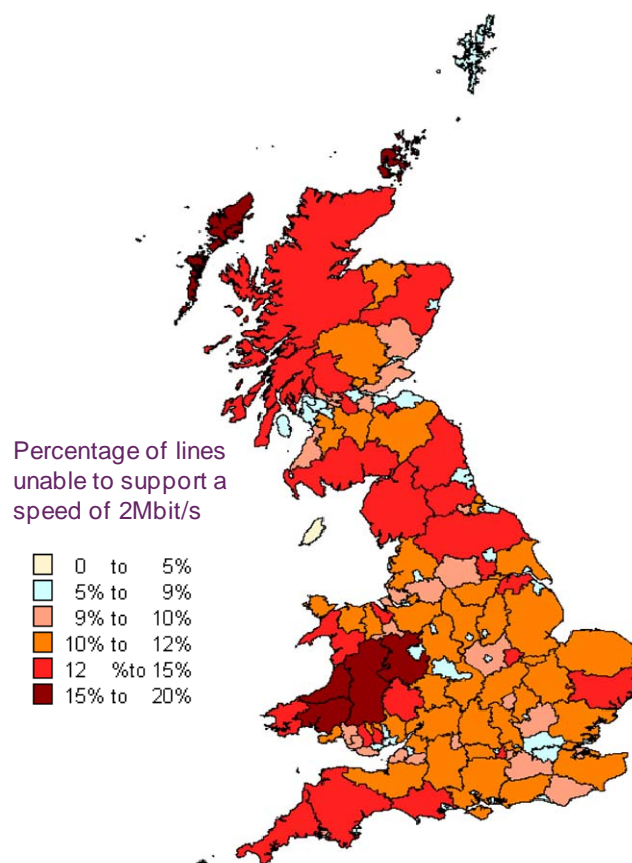
http://www.ofcom.org.uk/about/accoun/reports_plans/annual_plan1011/annplan1011/annplan1011.pdf

^[1] <http://www.culture.gov.uk/images/publications/digitalbritain-finalreport-jun09.pdf>

² Note, however, that the BBC recommends a minimum download connection speed of 0.5Mbit/s for its iPlayer service.

Figure 1.18 indicates that the proportion of ‘bad lines’ (i.e. lines incapable of delivering download speeds of 2Mbit/s) vary across England and the UK as a whole. It indicates that there is a low proportion of bad lines in the built-up areas of London and the South East, the Midlands and the North West, and a higher proportion of bad lines in the more rural counties of the South West and North of England.

Figure 1.18 Percentage of ‘bad lines’ in Great Britain



Source: Digital Britain, final report, June 2009

Note: English, Scottish, Welsh, and Isle of Man counties have been colour accordingly to their number of total bad lines against number of total premises - percentage of total bad lines (due to line length plus network effects)

Ofcom’s research into broadband speeds (conducted in association with SamKnows) found that there was very large variation in the performance delivered to a panel of over 1,500 residential broadband users.³ Average speeds for consumers in rural areas (2.7Mbit/s) were around half of those in urban areas (5.8Mbit/s) and while some consumers taking high speed cable services were able to receive average download speeds of over 40Mbit/s, the average speed received by those with DSL broadband was just 4Mbit/s. Around a third (34%) of those on ‘up to’ 8 or 10Mbit/s DSL packages, received average speeds of less than 2Mbit/s.

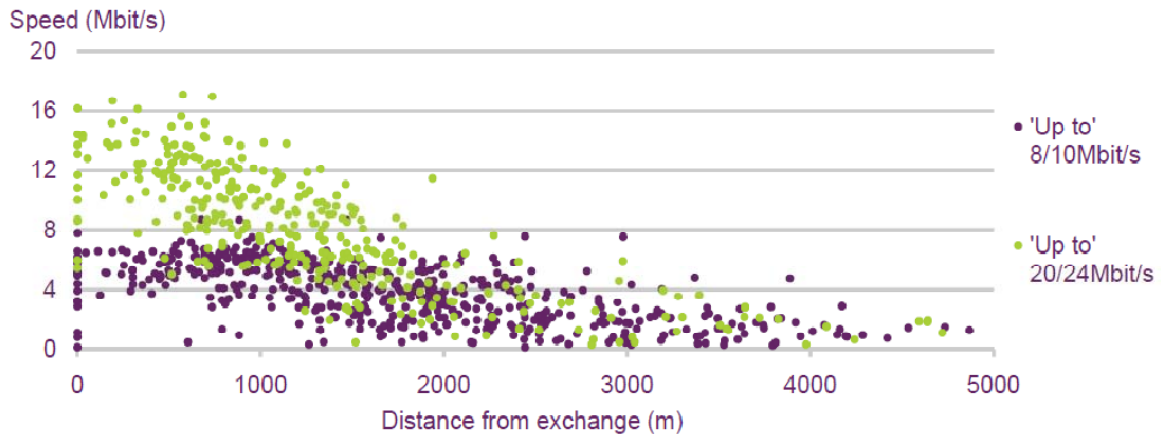
Figure 1.19 maps the average speed of all the DSL panellists in this research against the (straight line) distance between their home and the local telephone exchange. It indicates that speeds typically decreased with the distance from the exchange, indicating that those living more than 4km from the exchange are unlikely to be able to receive speeds of more

³ <http://stakeholders.ofcom.org.uk/market-data-research/telecoms-research/broadband-speeds/broadband-speeds-2010/>

than 2Mbit/s. However, a few panellists had very slow broadband speeds despite living in close proximity to the exchange; this is likely to be the result of electrical interference causing signal loss, or very poor quality in-home wiring.

Figure 1.19 Average line speeds versus distance of customer premises from the telephone exchange, May 2010

Distance from exchange and average download speeds achieved by panellists on 'up to' 8/10Mbit/s and 'up to' 20/24Mbit/s DSL packages, single thread results, May 2010

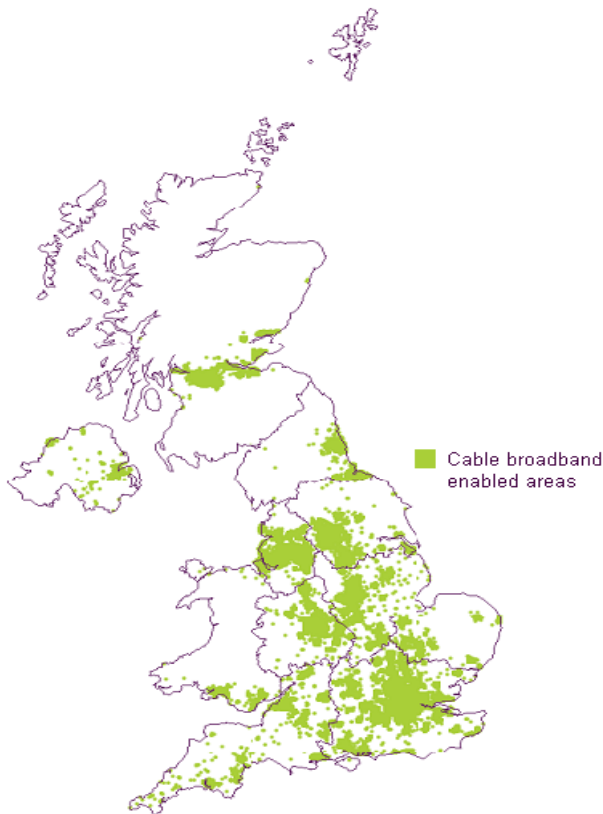


Ofcom UK Broadband Speeds Report, July 2010.

Source: SamKnows measurement data for all panellists with a DSL connection in May 2010.

The main alternative to DSL broadband available in the UK is cable broadband, which is available to 52% of homes in England (49% of homes in the UK as a whole). However, as shown in Figure 1.20, Virgin Media's cable footprint is largely confined to built-up areas: cable is not an alternative for the large majority of people who live in a DSL broadband not-spot.

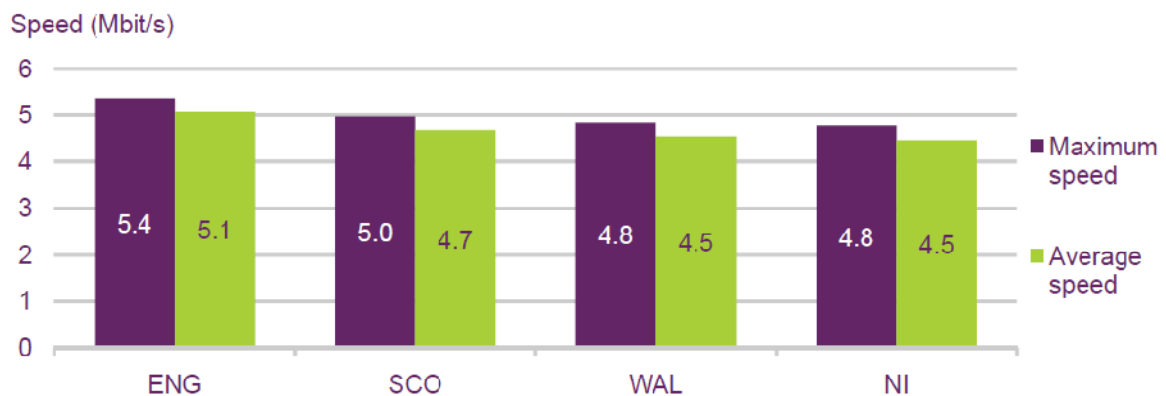
Figure 1.20 Map of the availability of Virgin Media cable broadband



Source: Ofcom / Virgin Media, September 2009 data

Higher availability and take-up of cable services in England than in the other nations, combined with shorter average line lengths, means that average broadband speeds in England are higher than in the other UK nations (Figure 1.21).

Figure 1.21 Estimated average and maximum download speeds, by nation, May 2010



Ofcom UK Broadband speeds report, July 2010

Source: SamKnows measurement data for all panel members with a connection in May 2010. Panel Base: 1506.

Notes: (1) Note that these data have been estimated based on the numbers of households in Geographic Markets 1,2 and 3, and as such are not directly comparable with UK average data published in Ofcom's UK Broadband Speeds, May 2010 report; (2) As sufficient sample sizes were not available for consumers on packages of 'up to' 2Mbit/s or less, data collected for these packages

in April 2009 have been factored in, in proportion to share of all connections in May 2010 and an estimated split between nations; (3) Data collected from single-thread download speed tests.

1.4.3 Mobile services

The phenomenon of mobile voice not-spots, or areas where poor reception make reliable mobile calls difficult, is a familiar experience for some people living in England's more rural and remote locations. In these areas, which are characterised by lower population densities and/or challenging terrain, there are physical and economic challenges that may deter operators from putting up and maintaining mobile phone masts.

How we measure the availability of mobile telephony in this report

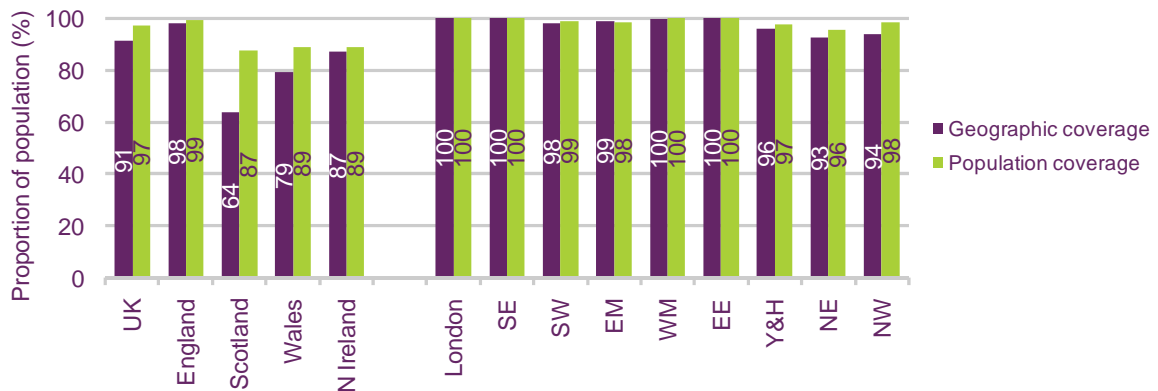
To evaluate the availability of mobile telephony services across the UK we examine the number of mobile networks with second-generation (2G) and third-generation (3G) coverage in each postcode district. For an operator to be counted as having coverage its network footprint has to cover at least 90% of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

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

Our data show that across England 99% of the population lived in a postcode district with at least 90% 2G area coverage, from one or more operators, in Q2 2010. This is higher than the UK overall (97%), Northern Ireland (89%), Wales (89%) and Scotland (87%). People in postcode districts in the remaining 1% of England may well receive some 2G mobile phone coverage – but the proportion of the postcode with a 2G signal falls below the 90% threshold.

The figure below also illustrates geographic 2G coverage (using the same 90% coverage threshold). Ninety-eight per cent of postcode districts in England had 2G area coverage from one or more mobile networks in Q2 2010; slightly lower than population coverage (99%). The gap between population and geographic coverage is likely to be wider in those nations with large areas of low population density or where hilly or mountainous terrain limits the range of cellular masts.

Figure 1.22 2G mobile phone geographic and population coverage

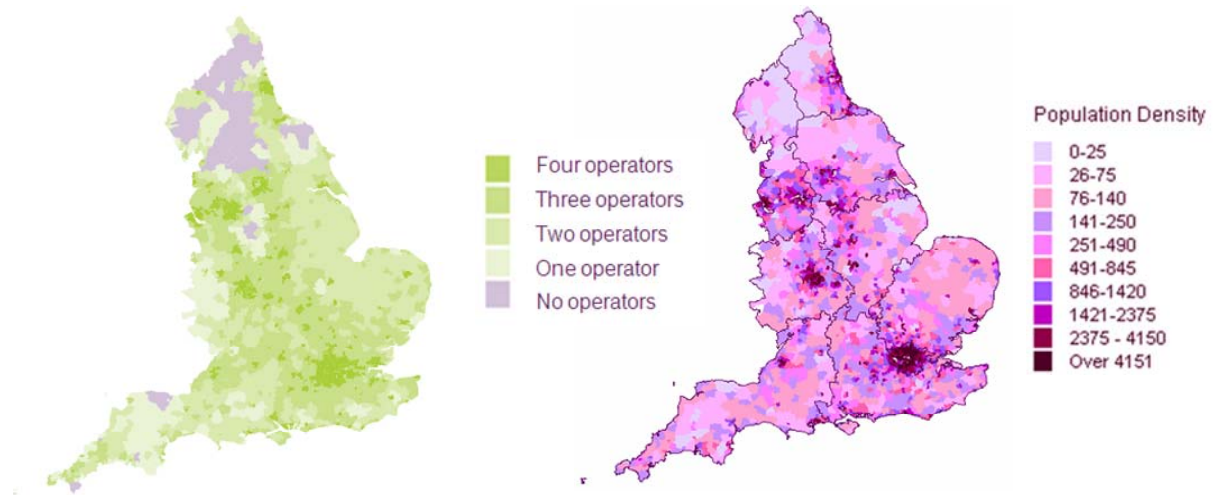


Source: Ofcom/ GSM Association / Europa Technologies; Q2 2010

Note: Figures show the percentage of postcode districts and percentage of population within postcode districts where at least one operator had at least 90% 2G area coverage; data not directly comparable to that published in the 2009 report.

The first map below shows where 2G services were available from one or more operators in England and where coverage was less than 90%; the second details the population density of each of the postcode districts covered in this analysis. In England, coverage is most concentrated around the major urban areas, while there are some areas, particularly in rural areas in the North West, where coverage is less than 90%. This is a result of the networks concentrating build in areas of higher population density; consequently, mobile coverage is usually lower in areas with low population density.

Figure 1.23 2G mobile coverage map and population density by postal code district

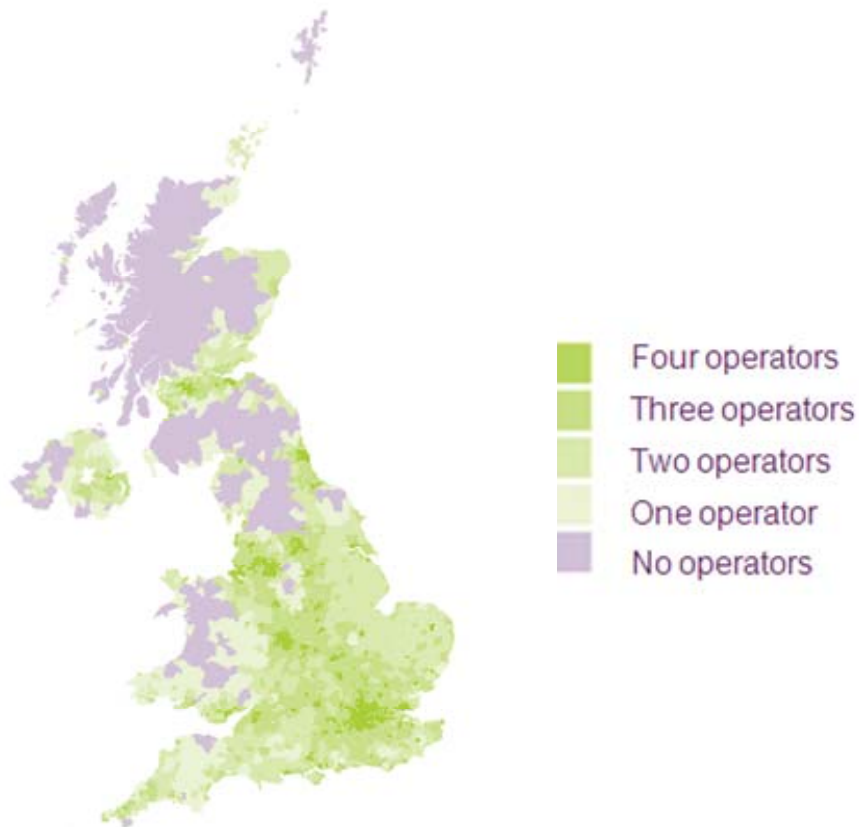


Source: Ofcom / GSM Association / Europa Technologies; Q2 2010, and National Statistics website: www.statistics.gov.uk 2001 Census data. Crown copyright material is reproduced with the permission of the Controller Office of Public Sector Information (OPSI).

Note: Map shows the number of 2G operators with at least 90% area coverage; not directly comparable to that published in the 2009 report. Population density shows number of people divided by area (km²) of postcode district.

The map of 2G coverage across the UK shows a similar trend, with coverage concentrated in and around major conurbations, whereas areas of low population density, such as parts of Mid and North Wales, the Border areas and the Scottish Highlands and Islands have lower coverage.

Figure 1.24 UK 2G mobile coverage map



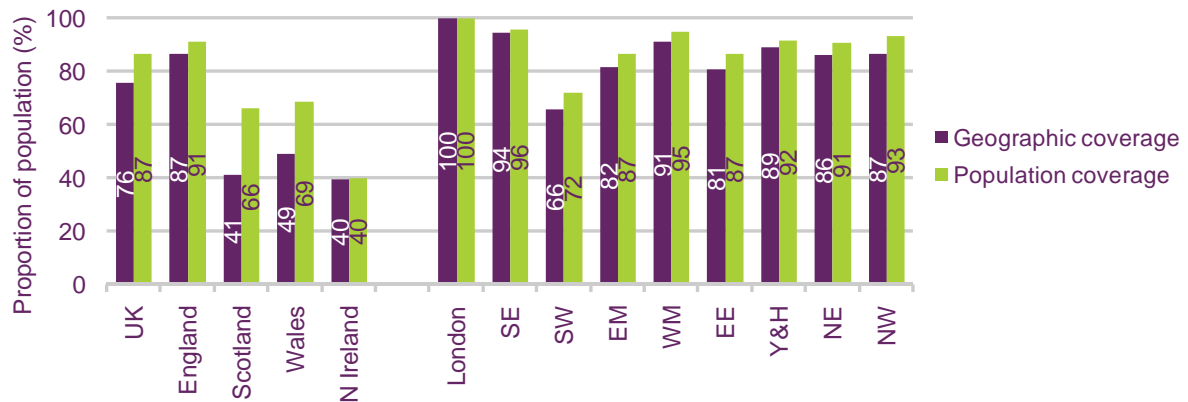
Source: Ofcom / GSM Association / Europa Technologies; Q2 2010

Note: Map shows the number of 2G operators with at least 90% area coverage; not directly comparable to that published in the 2009 report.

Across the UK, 3G coverage, supporting multimedia applications such as video and internet access alongside conventional voice services, is generally lower 2G coverage.

England's 3G population coverage (using the 90% postcode district threshold) is lower than 2G, at 91%. This is higher than the UK-wide average (87%), Wales (69%), Scotland (66%) and Northern Ireland (40%). In line with 2G, geographic 3G coverage is lower than population coverage. Eighty-seven per cent of postcode districts have area coverage from at least one mobile operator. This is higher than the UK as a whole (76%), Wales (49%), Scotland (41%) and Northern Ireland (40%).

Figure 1.25 3G mobile phone geographic and population coverage, by number of operators



Source: Ofcom/ GSM Association / Europa Technologies; Q2 2010

Note: Figures show the percentage of postcode districts and percentage of population within postcode districts where at least one operator had at least 90% 3G area coverage; data not directly comparable to those published in the 2009 report.

Figure 1.26 shows that within England the postcode districts with 90% 3G area coverage are most concentrated around London, the East Midlands and Greater Manchester, where population density is greatest (and where the geographic terrain is least challenging). In contrast, there are large areas in the North West and South West, where 3G coverage falls below the threshold used in this analysis.

Figure 1.26 3G coverage map



Source: Ofcom / GSM Association / Europa Technologies; Q2 2010

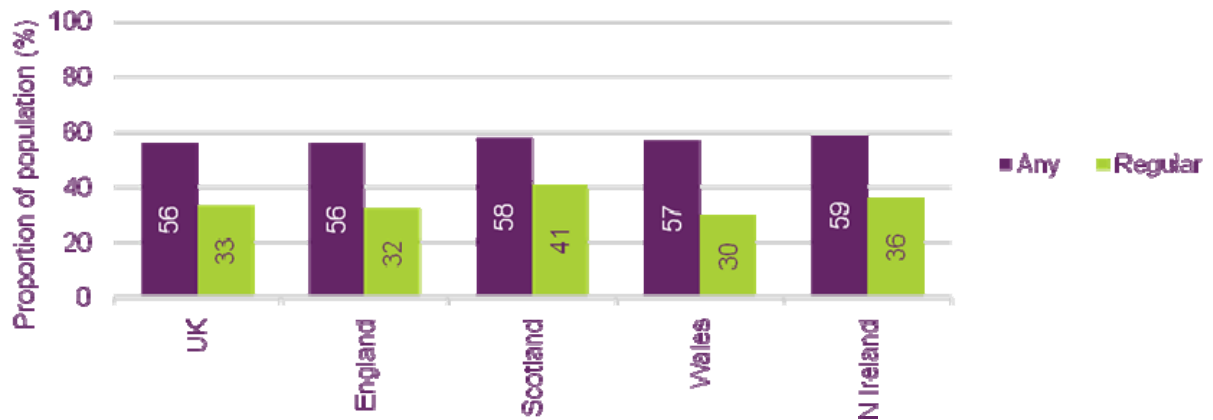
Note: Map shows the number of 3G operators with at least 90% area coverage; not directly comparable to figures published in the 2009 report.

Almost a third of mobile phone users in England claim to regularly experience mobile not-spots

Mobile phones are ubiquitous in England, with take-up levels at 90%, and 13% of households in England are mobile-only.

In October 2009, the Communications Consumer Panel published a review of mobile coverage⁴. Its research (Figure 1.27) found that 56% of people with a mobile phone in England had experienced problems with mobile coverage. Of these, 32% had experienced problems regularly.

Figure 1.27 Proportion of UK adults with a mobile phone experiencing problems with coverage



Source: *Mostly Mobile*, Communications Consumer Panel report, 2009

Question: Which of the following problems, if any, have you had in the past in terms of your mobile reception...? Which of them, if any, do you experience regularly?

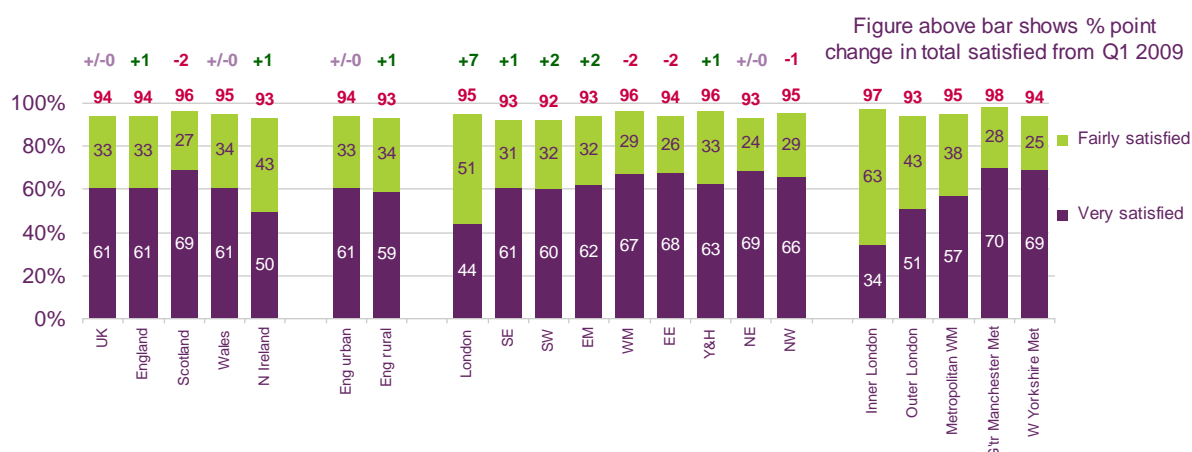
Base: All those who use a mobile for personal use (UK n = 1716, England n = 1439, Scotland n = 144, Wales n = 84, Northern Ireland n = 50).

Most mobile phone users in England claim that they are satisfied with their mobile phone service

Ninety four per cent of all mobile phone users in England say that they are satisfied, or very satisfied, with their mobile phone service. This is on a par with the UK average, although not as high as in Scotland (96%) or Wales (95%). Consumers are most satisfied with their mobile phone service in Greater Manchester (98%) and inner London (97%), and least satisfied in the South West, South East, North East and outer London.

⁴ *Mostly Mobile*, Communications Consumer Panel, October 2009: http://www.communicationsconsumerpanel.org.uk/Mobile_coverage_consumer_perspective.pdf

Figure 1.28 Overall satisfaction with mobile phone service



Source: Ofcom research, Q1 2010

Base: Adults aged 15+ who personally use a mobile phone (n = 7826 UK, 1237 Scotland, 5008 England, 923 Wales, 658 Northern Ireland)

QD21a. Thinking about your mobile phone service only, how satisfied are you with (main supplier) for the overall service provided by (main supplier)?

1.4.4 The consumer's experience of mobile not-spots in England

To better understand the consumer experience of not-spots in England, we commissioned some qualitative research, using a mixture of telephone and face-to-face interviews and diary exercises, to explore the effect on the small numbers of people who cannot get a mobile signal.

In England, the research was conducted in:

- rural locations: Hertfordshire villages, including Ashell;
- urban locations: Leominster and Bromyard in Hertfordshire; Stapleford Abbots in Essex; and the Isle of Dogs/Poplar and Rotherhithe in Greater London; and
- commuter links to and from the above locations.

In the research, consumers in England highlighted the importance they placed on services such as mobile access and fixed broadband. For example, consumers in England said that:

“I have to rely on using the Internet to keep in touch with friends and family, but even that cuts out which is very frustrating.” (England, rural)

“I don't know what I would do without my broadband.” (England, city centre)

This research is part of our UK-wide work on better understanding the issue of mobile not-spots (again reflecting our Annual Plan priority). The full results of this will be published later this year as part of our overall consideration of the issues relating to mobile not-spots.

As part of our research we conducted a small number of in-depth interviews with people who are affected by not-spots. As an example, the case study below examines the experience of a mobile phone user in rural England who is affected by intermittent coverage.

Case study: dealing with intermittent coverage in a rural area

Sheila lives on a sheep farm in rural Herefordshire. Although masts are visible from the farm, mobile reception is very unreliable, both in the house and outside.

Sheila recently bought a smart phone on a mobile phone contract, and although she benefits from the internet service indoors using the home fixed connection, she finds it frustrating that due to the poor mobile phone reception, she is unable to make the most of her call and text allowance.

She finds the lack of coverage particularly frustrating when calls are dropped half-way through if the signal is lost. Sheila spends a lot of her time leaving and receiving voicemails when on the farm to check in with other people working on site. Now that she has a smartphone Sheila finds that she is using email more and more, and she is thinking about using Skype as a way of contacting others in future.

For the family members who work on the farm, lack of coverage keeps working methods relatively old-fashioned, with days having to be planned in the morning and members of the team having to work separately without the option of contact during the day.

This is an established routine for them and it seldom creates problems. However, when they hire additional staff at lambing time, the difficulties in communication become more pronounced. Staff who aren't used to working on the farm sometimes need extra support and without mobile phone coverage they are not able to contact others to request information urgently.

Note: The case study above is taken from one of the in-depth interviews conducted by the research agency as part of the not-spots qualitative research. The respondent's name has been changed to ensure anonymity.

1.4.5 Current progress and future work on not-spots

Emergency mobile roaming

A joint effort between Ofcom, mobile network operators, emergency services authorities and the fixed operators who act as call handling agents has resulted in the development of new emergency roaming procedures. These were introduced in 2009 and allow mobile phone users to call the emergency service numbers using another mobile network operator if their own service provider does not offer coverage while an alternative provider does.

In an emergency situation, people can call 999 or 112 from their mobile phone and if their provider has no coverage in the area the phone will automatically switch to whichever network operator has the best signal in that area.

For people living, working and travelling through areas where there are mobile not-spots, this provides them with reassurance that – should they need to make an emergency call, they can do so, provided that at least one mobile network operator has coverage in that area.

Mobile not-spots

Ofcom is undertaking further research to better understand mobile not-spots.

As outlined above, one of Ofcom's priorities for 2010/11 is to make progress on broadband and mobile phone not-spots. We are undertaking a programme of further research to improve our understanding, and we intend to publish further thinking on the causes of not-spots later this year; where they are; and what impact they have on citizens and consumers

across the UK. We plan to use this evidence to consider whether there are any appropriate solutions, within the scope of our duties and powers, for improving coverage.

Fixed broadband not-spots

The coalition government has announced a plan – subject to European state aid rules - to roll out 2Mb/s broadband across the UK by 2015. Ofcom will provide technical advice to assist with this process.

As well as municipal schemes, an alternative way of targeting fixed broadband not spots may be through the use of local schemes. For example, people experiencing fixed broadband not spots might be able to gain broadband access through point-to-point wireless networks, or satellite broadband provision. The emergence of increasingly fast and affordable mobile broadband - which is now used by 15% of people in England – may also provide an important alternative to people who are unable to receive a fixed broadband service – though there may also be areas where the not spots are concurrent.



The Communications Market in England

2 TV and audio-visual content

2.1 TV and audio-visual content

2.1.1 Recent developments in England

HD and 3D TV

Towards the end of 2009, Freeview started technical transmission of high-definition broadcasts from transmitters at Crystal Palace in London and Winter Hill in the Granada TV region. The new HD channels were made possible by an Ofcom decision to upgrade the Freeview digital platform to new and more efficient technologies.

Freeview HD is available in many places including London, Manchester, Liverpool, Newcastle, Bristol, Exeter, Birmingham and Leeds/Bradford; and this summer, around 50% of the country was able to watch the World Cup in HD free of charge on Freeview HD.

HDTV is also available on Sky, and in late January 2010 the broadcaster and platform owner announced that over 2 million households now paid an HD subscription, with HD-enabled set-top boxes now being issued as standard.

In addition to its investment in HD, BSkyB has announced that from 1 October it will be launching a 3D channel, focusing initially on sport and movies⁵. The broadcaster has also been showing sport in 3D at selected pubs and bars across the UK⁶ starting with the game between Arsenal and Manchester United which took place on 31 January⁷.

Local TV

Ofcom's report *Local and Regional Media⁸ in the UK* noted that while "Local television has the potential to deliver public purposes on a commercial basis, the economics of running a local television service are challenging."⁹

The past year has seen Channel 6 in Oxford close¹⁰ and major cuts at Channel M in Manchester. The Guardian, which belongs to the same company that owns the station, reported that: "The channel, which serves Great[er] Manchester, will remain on air with four staff overseeing a mix of archive material, traffic and networked news in the short term."¹¹

The Government is currently working on policy options to help create a regulatory environment which will support a strong, independent and vibrant local media sector. It has set out its vision for a network of local television services across the UK and has asked Nicholas Shott, the Head of UK Investment Banking at Lazard, to carry out an independent assessment of the commercial potential of local television in the UK. The findings of that review will help produce a local media action plan, due to be published in the autumn. In addition, the Government has cancelled the previous plans for pilots of the proposed Independently Funded News Consortia (IFNCs)¹².

⁵ <http://crave.cnet.co.uk/televisions/sky-3d-channel-pointing-out-of-your-screen-in-october-50000124/>

⁶ <http://3d.sky.com/pubfinder/>

⁷ <http://tinyurl.com/344yo6x>

⁸ <http://stakeholders.ofcom.org.uk/market-data-research/tv-research/lrmuk/>

⁹ <http://stakeholders.ofcom.org.uk/market-data-research/tv-research/lrmuk/> (pages 6-7)

¹⁰ <http://www.oxfordmail.co.uk/news/4327259.print/>

¹¹ <http://www.guardian.co.uk/media/2010/mar/17/channel-m>

¹² http://www.culture.gov.uk/news/ministers_speeches/7132.aspx

Channel 7

Channel 7¹³ is the longest-running local TV channel in the UK. It launched in January 1998 and broadcasts from Imimage Studios in Immingham onto the Virgin cable network. Cable customers can watch it on Channel 879 and some content is also available for audiences to watch online. It is estimated that over 140,000 homes can access the service directly on their television through Virgin Media.

The station is a community interest company (a not-for-profit social enterprise), that works closely with the local community to deliver television made by, and for, local people across north and north-east Lincolnshire. Seven uses the services of Imimage Studios Ltd¹⁴ which is a wholly-owned subsidiary company of the Grimsby Institute.

It has its own production centre and studios and broadcasts from 9am to 7pm, seven days a week, with What's On, Events and other local information broadcast in graphic form during the night.

In partnership with the BBC, it recorded the BBC General Election programme at Imimage Studios. The programme was re-broadcast under licence on Seven Local TV, which is believed to be a first for local TV in the UK.

Channel 7 has also worked with the GSMG Group, owners of the Grimsby Telegraph, on election coverage, including videos for viewing on the paper's website and for broadcast on Seven as a longer programme.

Over the past year, Channel 7 has also worked with the community magazine publisher CPO Media to deliver a series of Media Mash Up! Workshops, training local students to create their own websites, magazines and TV programmes.

The Channel recently won an O2 Think Big Award for its work with young people¹⁵.

Hyper-local TV online

Kent TV¹⁶, an online operation run by Kent County Council and the independent production company Ten Alps, closed on 31st March 2010 after two and a half years on air. Much of the content has been archived and remains available on the Digital Kent website¹⁷.

A range of new 'local TV-like services' have launched online in the last 12 months, as the cost and ease of producing such services continues to fall. These services do not require licences or transmitters, making them more cost-effective to run than traditional TV channels.

In Cumbria, Lakes TV¹⁸ launched on the internet in July 2009, featuring a broad mix of content about the Lake District and nearby towns such as Barrow and Penrith. Since then it has successfully managed the transition to more traditional TV outlets, broadcasting on Sky (Channel 203), Virgin Media (878) and Freeview (200 via Channel M).

¹³ <http://www.channel7tv.co.uk/>

¹⁴ www.immagestudios.co.uk

¹⁵ http://www.channel7tv.co.uk/news-item.php?news_id=51

¹⁶ <http://www.kenttv.com/>

¹⁷ <http://digital.kent.gov.uk/>

¹⁸ <http://www.lakeSTV.net/>

At the other end of the country, a broadband channel highlighting all things Cornish has also been launched. myCornwall.tv¹⁹ aims “to capture the very best of all things Cornish on the internet, using video and social media.” Supporters include The Eden Project, Jamie Oliver’s Fifteen restaurant, and South West Tourism.

Targeting a community of interest, rather than a more narrowly-defined geographic community, bdaily²⁰ offers a mix of audio-visual content – including podcasts, video, social media and web-based text services – to reach a wide range of businesses in the North East of England. By early May 2010 just over 6,500 people and businesses were subscribing to the service, which is funded by a mix of content partners and advertising.

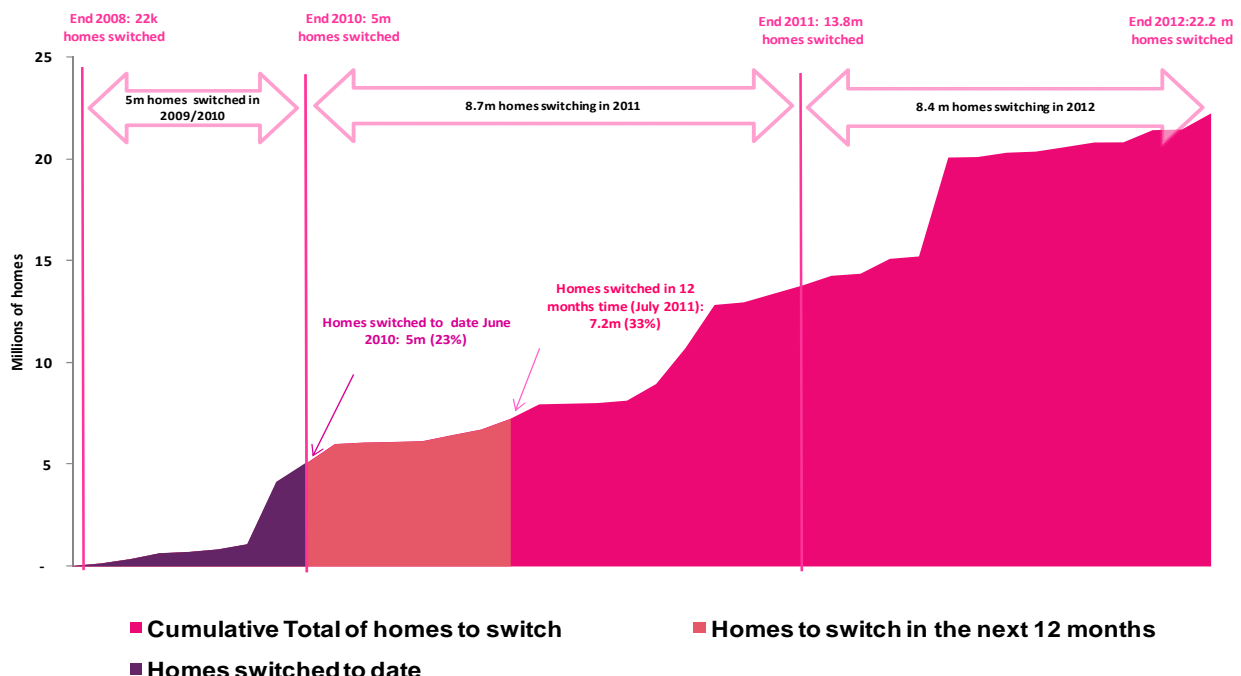
2.1.2 Digital switchover in England

Digital switchover is under way in England

In 2009 and early 2010 the TV switchover programme gathered pace in England. In April 2010 the Mendip transmitter group, serving 913,000 homes in the West TV region, switched to digital-only broadcasting. The Border, West Country and Granada TV regions completed their switchover in 2009.

By the end of June 2010 analogue television signals had been switched off at eight of the 39 transmitter groups across England, and 5 million homes had successfully switched to digital TV. During the second half of 2011 the roll-out of digital TV continues in the north of Scotland, but no more English regions will go digital this year. The next transmitter switchovers affecting English homes will be Sandy Heath in Anglia and the Nottingham transmitter, serving part of the Central TV region, where switchover starts on 30 March 2011.

Figure 2.1 Digital switchover progress in England to the end of 2010



Source: Digital UK programme office

¹⁹ <http://www.mycornwall.tv/>

²⁰ <http://bdaily.info/>

Some parts of Wales have been affected by overlapping coverage areas and have temporarily received some services in Welsh.

For English citizens and consumers some problems with 'overlapping' have emerged over the past 12 months. Some viewers in Granada discovered that they were picking up Welsh services, rather than their preferred English regional service. Digital UK estimated that when Granada Freeview viewers re-tuned on 4 November and/or 2 December 2009, an estimated 125,000 homes (4%) would find the Welsh services (BBC One Wales, BBC Two Wales, ITV1 Wales and S4C) at the top of their electronic programme guide (EPG), with 87,000 (3%) homes experiencing this on their main TV set.

In some parts of Shropshire viewers found that their digital TV signal was coming from a Welsh transmitter, due to the boosting of Welsh TV signals when the country went digital in late 2009. An estimated 13,000 analogue households lost their analogue TV signals for a day when essential upgrade work was done on the Wrekin transmitter.²¹

Most viewers were able to resolve digital overlap issues by manually retuning their DTT box. Digital UK and its partners used roadshows in overlap areas, and a post-switchover helpline, to support consumers with overlap issues, and they plan to factor this issue into their communications plans for future switchover regions.

Most consumers are now ready for the TV switchover in their area

Before the switchover information campaign has even started in those regions now closest to switchover, awareness of the TV switchover was already high. At the end of May 2010 86% of people living in areas still waiting to switch to digital TV knew that it was happening. However, understanding about when their regions will switch to digital is less widespread. Only 33% of people in England switching to digital TV in 2011 or 2012 say they know the year when their region goes digital.

Digital UK, the organisation managing TV switchover in the UK, will start its information campaign to roughly six months before switchover starts in each area.

2.1.3 Spending by PSBs on TV content for viewers in England

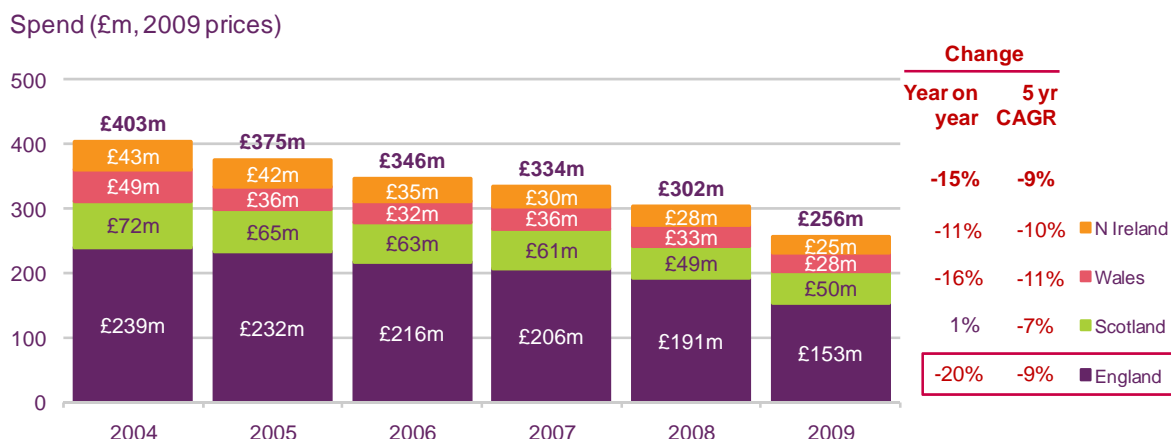
PSB spend on TV programmes for viewers in England

A total of £256m was spent by the BBC and ITV/STV/UTV on producing programmes specifically for viewers in Wales, Scotland, Northern Ireland and the English regions in 2009, down 15% (£46m) on 2008.

The BBC and ITV spent a combined total of £153m on TV programmes for viewers in England, such as regional news programmes, down by a fifth (20%) year on year from £191m. This marked the biggest decline in any of the nations in 2009. However, investment in programmes for viewers in England was still more than three times the value of the next largest region; this was Scotland with £50m.

²¹ http://news.bbc.co.uk/local/shropshire/hi/tv_and_radio/newsid_8220000/8220683.stm

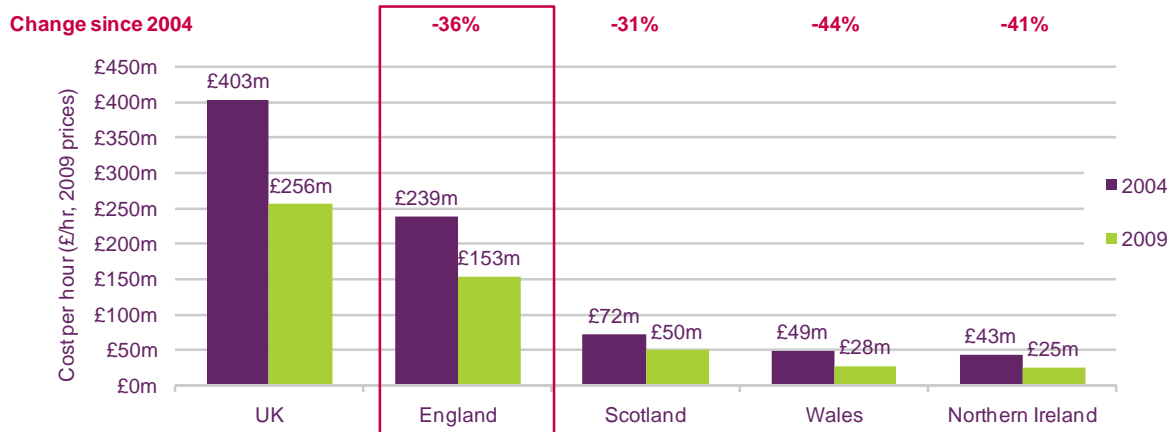
Figure 2.2 Spend on originated nations and regions output by the BBC, ITV1/STV/UTV, 2009



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

Spend on programmes for England represented 60% of total spending on nations and regions programming in 2009, down from 63% in 2008. Over a five-year period, investment in programmes for viewers in England declined; by 9% per year since 2004, in line with the UK average decline of 9% per year.

Figure 2.3 Spend on programmes for viewers in each nation



Following Ofcom's second review of public service broadcasting, the quota obligations on ITV to produce regional programming were relaxed to account for the falling value of the ITV licences (see page 52).. As a result, there were reductions in first-run broadcast hours, and therefore spend, on programming made for the nations and regions in 2009.

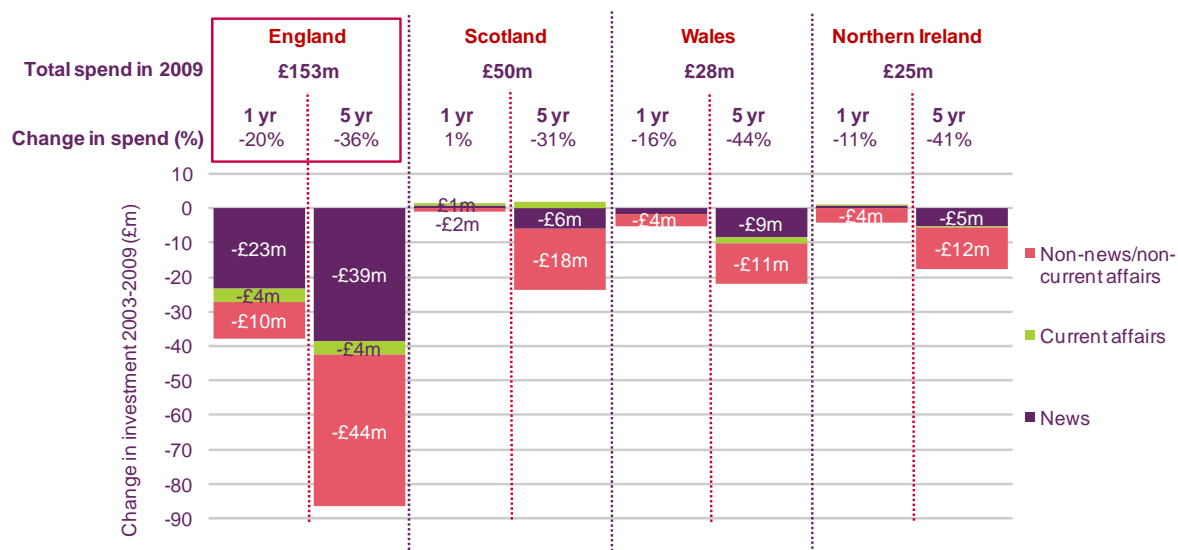
By genre, the steepest proportional decline in spend in England was in non-news/non-current affairs programming, which was down by 86% (from £10m down to £2m) in 2009. Investment in both news and current affairs programming in England decreased during the year, by 15% and 23% respectively, to £138m and £14m.

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

Since 2004, total expenditure by the BBC and ITV on programmes specifically for viewers in England has fallen by 36% in real terms, from £239m in 2004 to £153m in 2009.

The bulk of the reduction in spending over the five years, £44m, was seen in programmes that fall outside the news or current affairs categories. Spend on news programmes fell by £39m between 2004 and 2009.

Figure 2.4 Change in investment, by genre and nation, 2004 - 2009

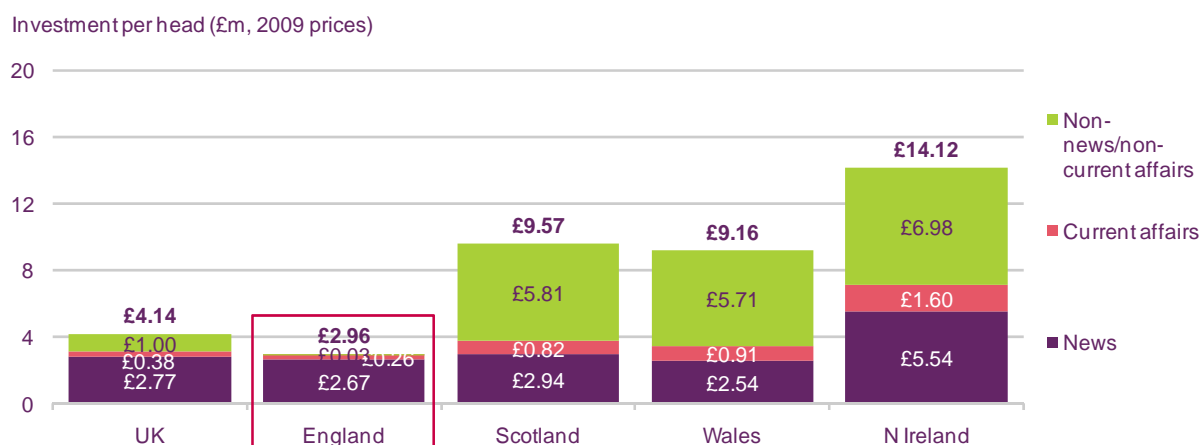


Source: Broadcasters. All figures expressed in 2009 prices. Note: The BBC changed the way it calculated its spend figures from 2005 onwards. The figures for 2002 – 2004 are based on cost per hour averages, while those for 2005 - 2008 are actual spend figures. Comparisons over the period 2003-2008 should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

When analysing the investment in programmes in the nations, compared to population sizes, England had the lowest real-terms expenditure per head of any of the nations in 2009. Spending per head was £2.96, due in part to the larger population in England compared to Scotland, Wales and Northern Ireland. The UK-wide average spend per head was £4.14.

News programming accounted for the vast majority of spend per head in England during 2009, at 91% or £2.67 per head, while current affairs accounted for 9%, or 26p per head. Non-news and non-current affairs programmes made for the regions represented less than 1% (3p) of spend per head.

Figure 2.5 Investments per head made by the BBC and ITV1 in regional and national output, 2009



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

2.1.4 Hours of output of content for viewers in the nations

TV programmes for viewers in England account for 65% of nations' total

The BBC and ITV1/STV/UTV produced a total of 10,439 hours of programmes for the English regions, Scotland, Wales and Northern Ireland in 2009, down 12.4% (1,473 hours) compared to 2008 and down by nearly a fifth over a five-year period.

As part of the *Second Public Service Broadcasting Review: Putting Viewers First*, from the beginning of 2009 Ofcom reduced some of the quotas for the production of regional programming for the Channel 3 licences²². This was necessary in order to keep the cost of programme obligations to ITV in balance with the benefits to the broadcaster of continuing to hold the licences. Otherwise it might have been in ITV's interests to relinquish the licences, in which case all guarantees of any PSB delivery would have been lost.

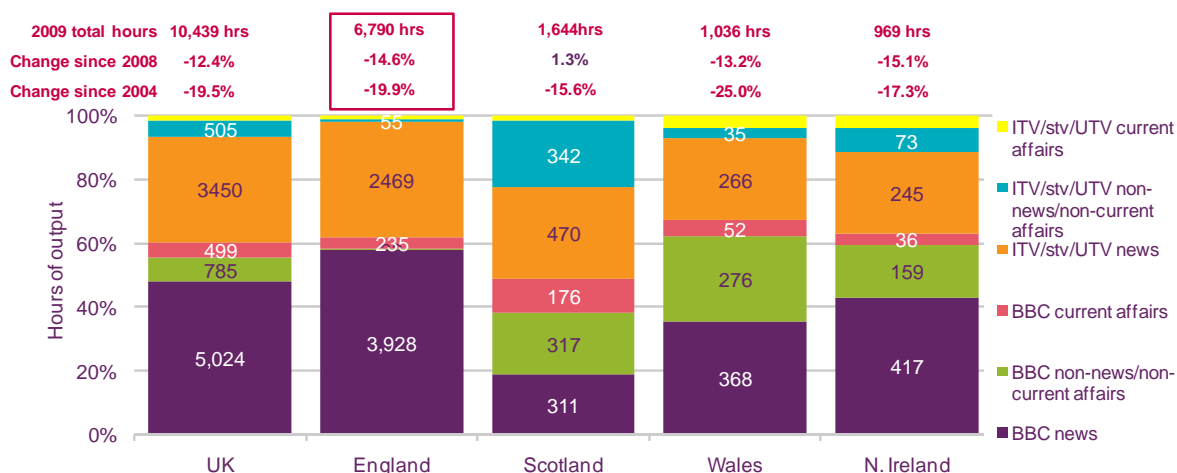
The number of hours produced for viewers in England stood at 6,790, down 14.6% year on year and down nearly a fifth (19.9%) since 2004. The UK average decline in hours of regionalised programming was 19.5% between 2004 and 2009. ITV accounted for the bulk of the reductions in hours seen in England during 2009.

The largest single component of the reduction in hours by genre for England in 2009 was attributable to non-news/non-current affairs, which was down by a combined 559 hours (86%) to 88 hours. The number of hours of current affairs programming decreased by 152 hours to 305 hours in 2009, a 33% fall. News hours also declined in 2009, but by a smaller margin, from 6,850 hours to 6,397 (down 7%). This was attributed to ITV decreasing the number of hours of news it produced; by 17% to 2,469 hours.

Programming produced by the BBC for viewers in England accounted for 62% of all hours, with ITV accounting for the remaining 38%.

²² For more information, read the statement on short-term regulatory decisions: http://www.ofcom.org.uk/consult/condocs/psb2_phase2/shortterm/

Figure 2.6 Hours of regionalised output by genre and broadcaster, 2009



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

When analysing the cost of making programmes for the nations, cost-per-hour calculations show that all of the nations produced programmes more cheaply (or cost-effectively) in 2009 than they did in 2004. The UK average cost per hour in 2009 was £25,000, down £6,000 (or 28%) compared to 2004.

The average cost per hour of producing content for England stood at £23,000 per hour in 2009, down 20% from £28,000 per hour in 2004. This represents the smallest decline in cost per hour of all the nations during the five-year period, albeit from a lower base in 2004. Scotland had the highest cost per hour of any nation in 2009 at £30,000, £5,000 higher than the UK average.

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

Figure 2.7 The cost of output for the nations, by genre, 2009



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

2.1.5 PSB television quota compliance

Programme production in the nations and English regions

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

To qualify against the quota, programmes must comply with Ofcom's regional production definition, which became the industry standard in 2006 and establishes three criteria:

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

Programmes must meet at least two of these three criteria.

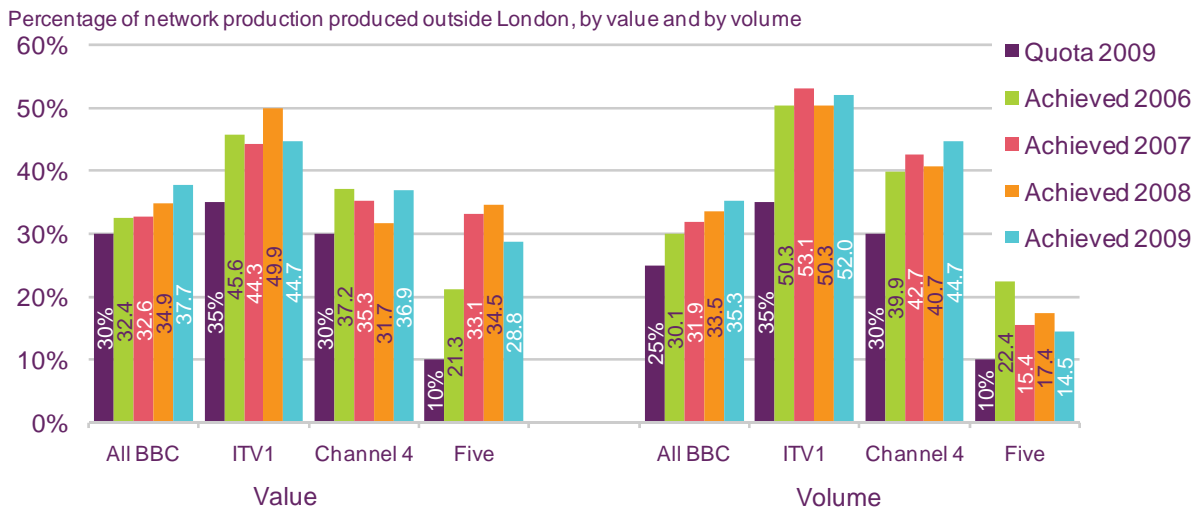
Figure 2.8 shows the broadcasters' achievement against the quotas over the past four years. The BBC's quotas are set at 30% by value and 25% by volume and apply across all its PSB channels. The BBC exceeded these quotas each year, steadily increasing the proportions year on year and achieving 37.7% by value and 35.3% by volume in 2009. The BBC plans to increase further its production and commissioning of programmes from outside London, and the relocation of key departments, such as Breakfast and Children's, from London to Salford Quays, Manchester, will contribute to the commitment to achieve 50% by 2016. Within this figure there is a further commitment to achieve 17% from the devolved nations.

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

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

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

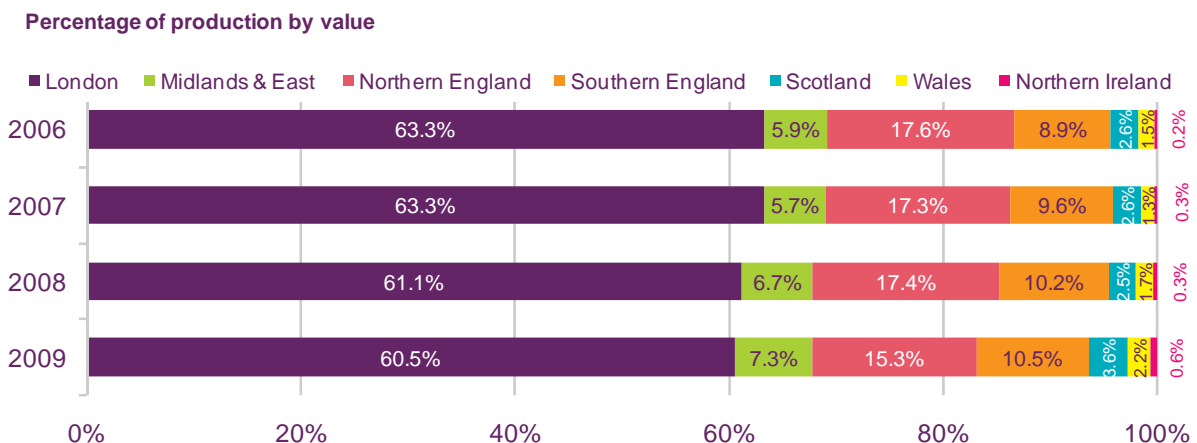
Figure 2.8 Performance against the out-of-London production quotas



Source: Ofcom/broadcasters

The proportion of spend on network original programme productions in the UK by the four PSBs collectively is given in Figure 2.9. The chart shows how the expenditure was divided up among the UK’s nations and, within England, among ‘macro-regions’. The majority of programmes continue to be produced in London but the proportion is gradually falling – down from 63.3% in 2006 to 60.5% in 2009. Of the overall UK spend of £1,800m, a total of £1,089m was spent on programmes made in London and 33% of expenditure, or £596m, was in the English regions. The total for the devolved nations has increased by 38% since 2006, rising from £83m to £115m in 2009, or 6.4% of all UK expenditure on originated programmes. Spend in Scotland has risen from £50m to £65m during the period.

Figure 2.9 Expenditure on out-of-London production



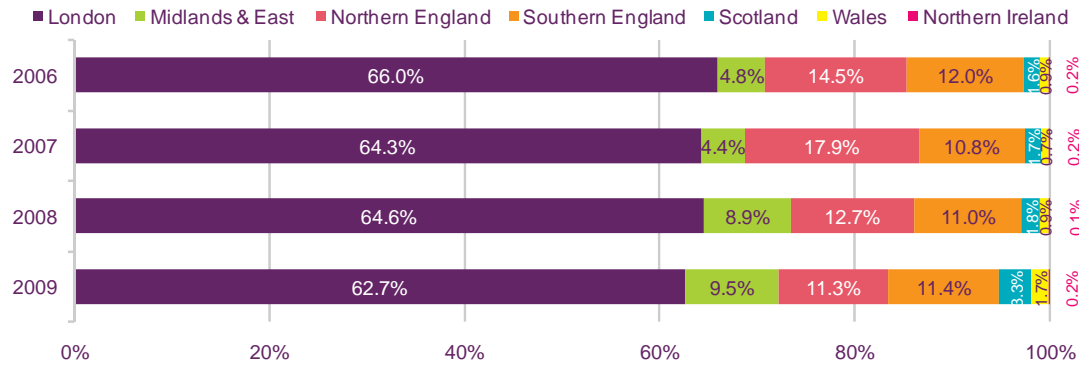
Source: Ofcom/broadcasters

The proportion of hours of programmes produced outside the M25 has also increased; from 34% in 2006 to 37.3% in 2009 (Figure 2.10). Of the total of 14,700 hours of first-run UK-originated network programmes broadcast by the four main PSBs in 2009, around 5,400 hours were made in the nations and English regions. The volume of productions made in England stood at 4,700 hours, with 750 hours in Scotland, Wales and Northern Ireland. The share of hours produced in the devolved nations has increased to just over 5% in 2009, up from 2.7% in 2006. The number of hours produced in Scotland and its share of total volume rose from 1.8% in 2008 to 3.3% in 2009, and in Wales the proportion increased to 1.7% from

0.9% the previous year. In Northern Ireland there was a small rise in share, to 0.2% from 0.1% in 2008.

Figure 2.10 Volume of out-of-London production

Percentage of production by volume



Source: Ofcom/broadcasters

Figure 2.11 shows how the expenditure is divided up for each broadcaster. The BBC's proportion of spend in London has gradually reduced in each of the past four years, with out-of-London spend going up from 32.4% in 2006 to 37.7% in 2009.

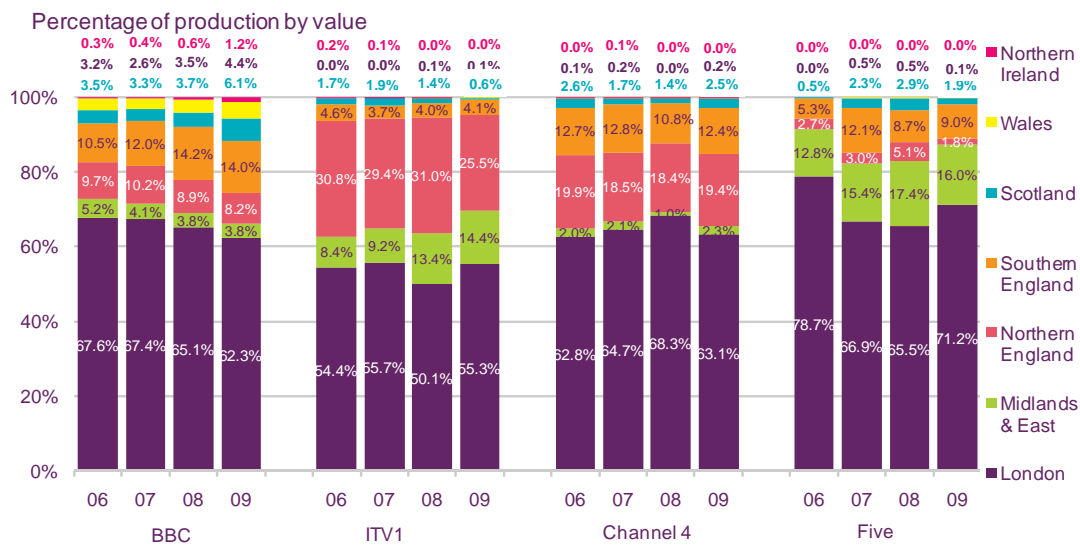
The BBC's spend in the nations has increased from 7% to 11.7% over the same period. Within this, Scotland's share rose from 3.5% to 6.1% in 2009.

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

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

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

Figure 2.11 Breakdown of expenditure, by broadcaster



Source: Ofcom/broadcasters

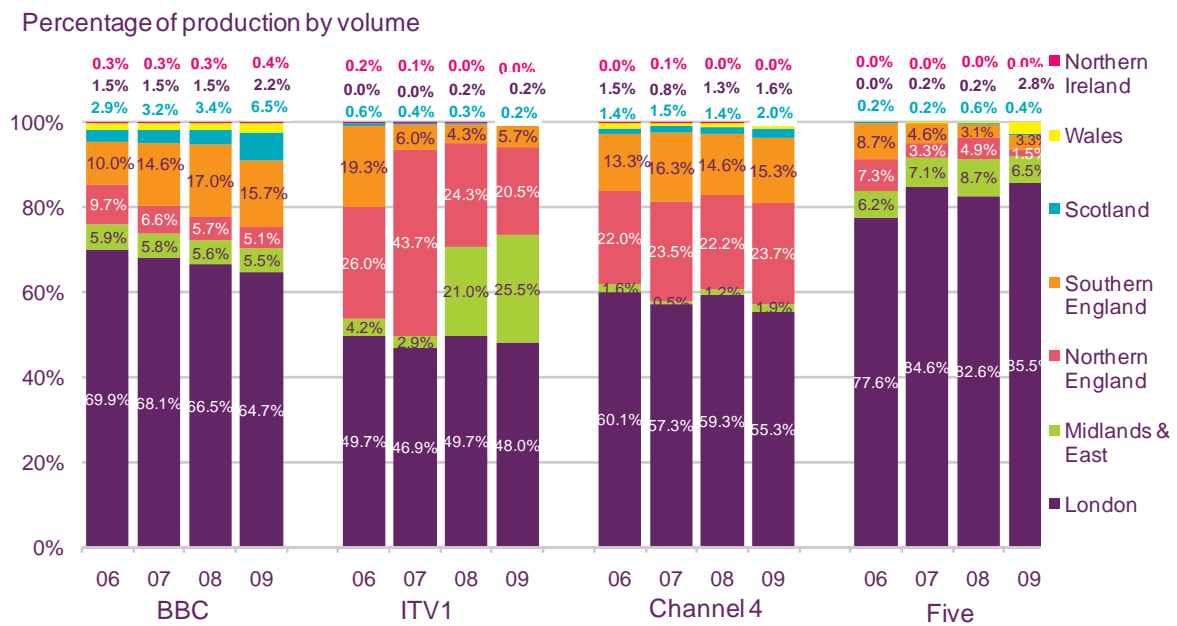
The volume of out-of-London production by broadcasters over the past four years is shown in Figure 2.12. The proportion of hours made or commissioned by the BBC in London has fallen each year, reducing by 5.3 percentage points from 69.9% in 2006 to 64.6% in 2009. The number of hours made in the devolved nations has increased and the percentage in Scotland rose to 6.5%, compared with 2.9% in 2006.

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

The proportion of Channel 4's hours made outside the M25 rose by five percentage points, from 40% to 45%, during the period, with small increases in the proportions in Scotland and Wales. The aggregated figure for the nations was 3.6% in 2009, compared with 2.9% in 2006.

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

Figure 2.12 Breakdown of production volume, by broadcaster



Source: Ofcom/broadcasters

2.1.6 Non-network production in the English regions

The volume of non-network programmes broadcast over the past five years is illustrated in Figure 2.13. Hours shown on BBC One and Two in the English regions increased by 6% between 2005 and 2009, rising from 3,963 hours a year to 4,196 hours. The volume of news increased by 6% to 3,928 hours, while current affairs remained relatively stable year on year.

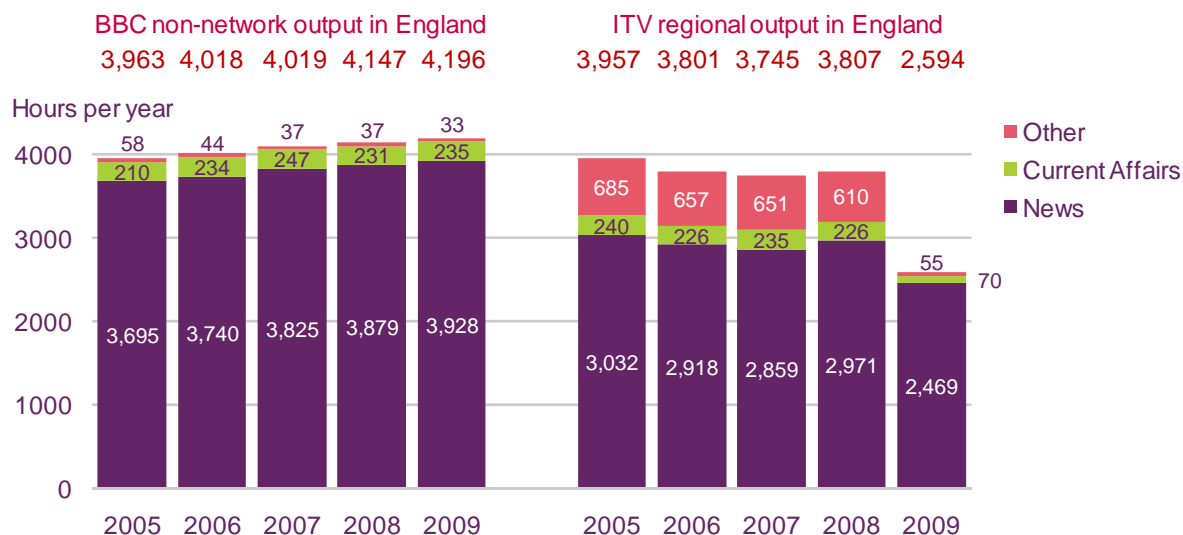
ITV's non-network programming volumes in England have fallen by 34% over the past five years. The reduction was particularly significant in 2009 as a result of the changes agreed as part of Ofcom's second PSB Review, which included a restructuring of ITV regional news. News services merged in the Border and Tyne Tees, West and Westcountry and the Thames Valley and Meridian regions. While this resulted in mergers between some news programmes, it excluded leading stories of 15 minutes' duration in the 6 o'clock weekday news magazines, and full 9-minute bulletins after *News At Ten*, which remained separate. As part of the restructuring, separate sub-regional output in Central East/West, Anglia East/West and Yorkshire East/West was reduced.

While the volume of non-network news programmes during peak time remains a priority, it was agreed that the levels of news bulletins broadcast during the daytime could be reduced. The weekly quota figure was cut to 3 hours 45 minutes a week in most English regions from 2009. The total hours of news output across England fell from 2,971 hours in 2008 to 2,469 hours in 2009 as a result of the quota change and the restructuring.

The quota for non-news programmes was also reduced as part of the Review, from the 30 minutes previously agreed to 15 minutes a week, all in peak time or near-peak slots. The effects of these changes can be seen in Figure 2.13, with current affairs falling from 226 hours in 2008 to 70 hours and other non-network programmes falling from 610 hours to 55 hours in 2009.

In the face of declining funding, the purpose of these changes was to concentrate on maintaining journalistic resources and geographic specificity, and the volume of regional programmes broadcast when most people watch: in peak time.

Figure 2.13 Non-network output in England, 2005-2009



Source: Ofcom/broadcasters
 Note: Figures exclude repeats

2.1.7 Digital television take-up in England

Number of DTV households

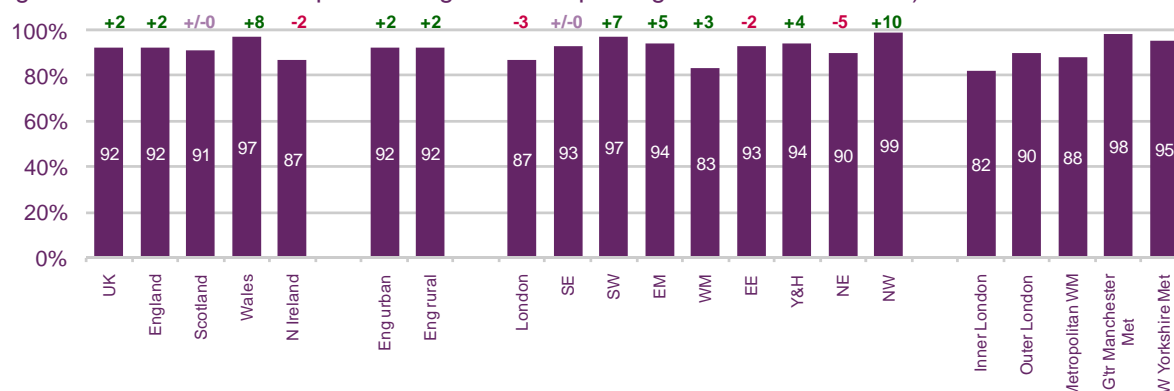
Digital television (DTV) take-up in England stood at 92% in Q1 2010 (Figure 2.14), up by two percentage points on the previous year. This was the second highest of the UK nations, after Wales, where switchover has increased take-up to 97%. There was an even pattern of take-up across rural and urban areas of England; both 92%.

Following the completion of switchover in the Granada region in December 2009, the North West had the highest regional level of DTV take-up, at 99%. By comparison, DTV ownership was lowest in the West Midlands (83%) and London (87%) areas. The pattern in London varied, with inner London at 90% compared to 82% in outer London. Similarly, the West Midlands metropolitan area was higher than the surrounding region, at 88%.

Figure 2.14 Digital television take-up in English regions

Proportion of TV homes (%)

(Figure above bar shows % point change in take-up of digital TV from Q1 2009)



Source: Ofcom research, Q1 2010

Base: All adults aged 15+ with a TV in household (n = 8858 UK, 5600 England, 1452 Scotland, 1060 England, 746 Northern Ireland)

QH1a. Which, if any, of these types of television does your household use at the moment?

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

When asked which platform they considered to be their main type of television, 38% of respondents in England said that satellite (both free and pay services) was their main viewing platform. This was closely followed by Freeview (free and pay) at 35%, with cable the main viewing platform in 15% of homes.

There was a noticeable variation between rural and urban areas of England, with satellite take-up 12% percentage points higher in rural areas at 49%, while cable was much lower, at 3%, in rural areas compared to 17% in urban areas. Freeview take-up in rural and urban areas was even at 36%.

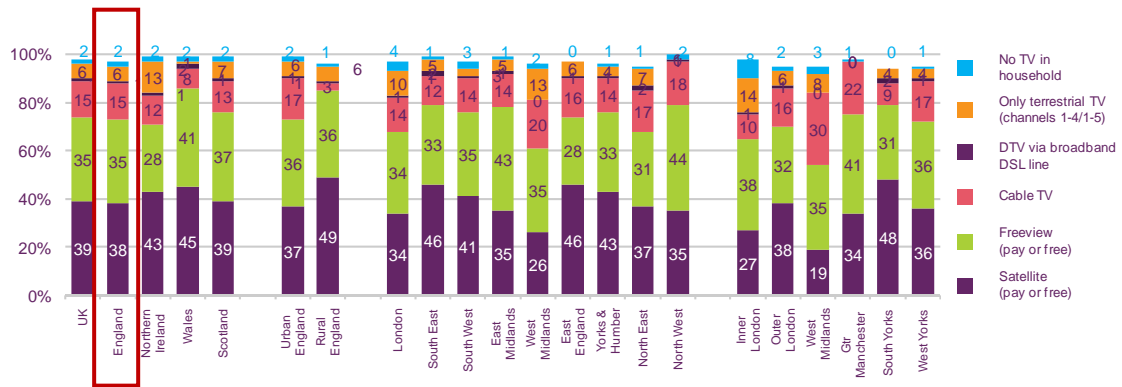
Of the regions, satellite was particularly high in the South East and the East of England at 46%, with Yorkshire and the Humber also above average at 43%, along with the South West at 41%.

Higher satellite take-up often occurred in areas with lower DTT take-up, possibly as a result of lower DTT coverage in the area. For example, Freeview take-up was lowest in the East of England at 28%; where DTT coverage is lower.

Similarly, the Yorkshire and Humber, and South East regions, both with high levels of satellite, had lower Freeview take-up (both at 33%). The North West had the highest Freeview take-up (at 44%, following switchover) and also the highest level of cable take-up at 18%. Freeview take-up was also high in the East Midlands at 43% (Figure 2.15).

Figure 2.15 Main set TV platform share in the English regions

Proportion of respondents (%)



Source: Ofcom research, Q1 2010

Base: All adults aged 15+ (n = 9013 UK, 1468 Scotland, 5709 England, 1075 Wales, 761 Northern Ireland).

QH1a. And which of these do you consider is your main type of television?

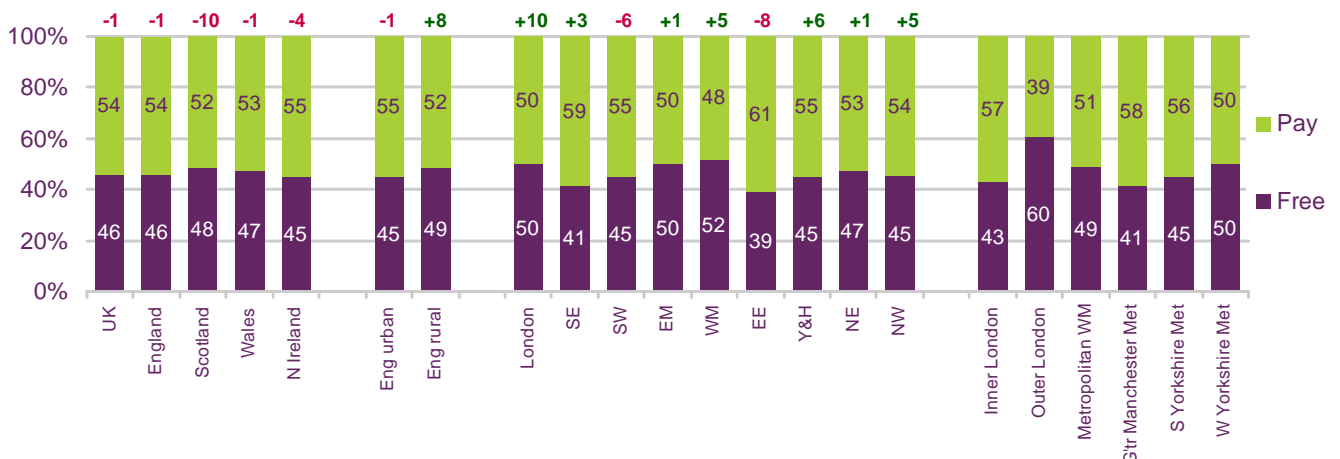
Note: Figures may not add to 100% due to rounding, also an element of survey respondents who may not differentiate between analogue and digital TV platforms.

Over half of homes (54%) in England take a pay-TV service

Fifty-four per cent of TV homes in England took a pay-TV service such as Sky or Virgin Media in Q1 2010, similar to the other UK nations. Pay-TV take-up was slightly higher in urban areas at 55%, compared to 52% in rural areas. The East of England had the highest levels of pay-TV, at 61%, with high levels of satellite TV in the area. Pay-TV was also higher in the South East at 59%. Lower areas included the Midlands region, with both West Midlands (48%) and the East Midlands (50%) below the average. However, the lowest area of pay-TV take-up was outer London, where only 39% paid a subscription, compared to inner London, where take-up was above the national average at 57%.

Figure 2.16 Proportion of homes with free and pay television

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



Source: Ofcom research, Q1 2010

Base: All adults aged 15+ with a TV in household (n = 8858 UK, 5600 England, 1452 Scotland, 1060 England, 746 Northern Ireland)

QH1a. Which, if any, of these types of television does your household use at the moment?

2.1.8 Broadcast television viewing

TV viewing fell furthest and is lowest in the West

On a UK-wide basis, weekly TV reach (defined as the proportion of viewers who watched TV for at least fifteen consecutive minutes over a period of a week) has decreased by 0.3% since 2004 to 92.9% in 2009. Reach was lowest in London in 2009, at 91.1%, and highest in the North East at 94.0%, but unlike the UK average, reach in both regions increased slightly from their 2004 levels (by 0.2% and 0.1% respectively). Reach fell furthest in the North West region, having declined by 1.5% since 2004 to a below-average 92.1% in 2009.

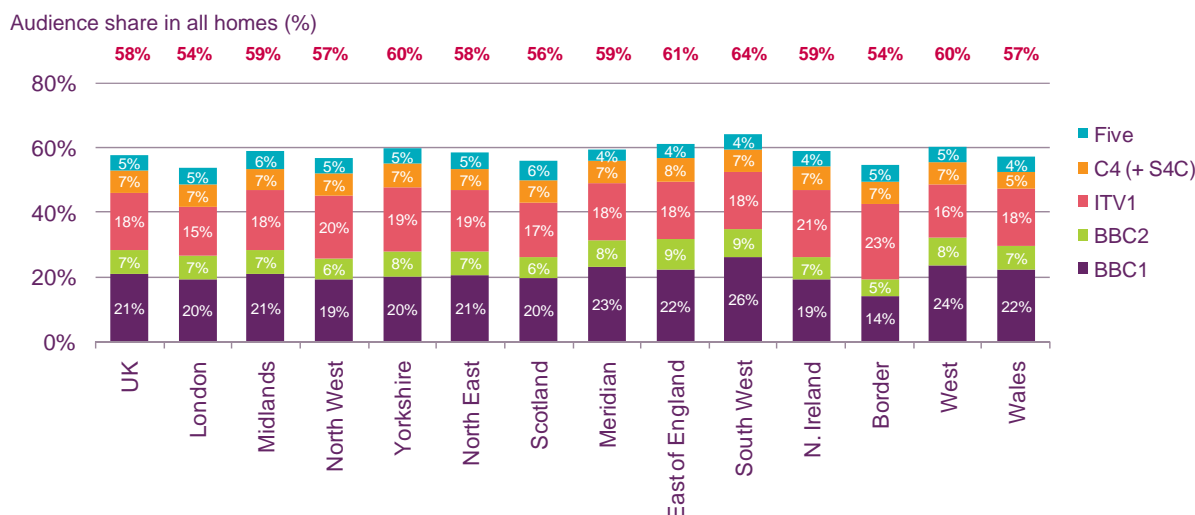
In the UK, viewers watched on average 3.8 hours of television a day in 2009, which was 1.3% higher than the average in 2004. Following the same pattern as weekly reach, Londoners watched one of the lowest amounts of TV - 3.4 hours a day in 2009, although this was a 2.4% increase on hours watched in 2004, and viewers in the West watched the least, at just 3.3 hours. The change in average viewing levels since 2004 varied significantly across the English regions. As well as watching the least amount of television, viewing levels in the West region have also decreased the most since 2004 – a reduction of 3.6%, compared to the U.K average increase of 1.3%. The greatest increase in TV consumption was in the South West, where viewing grew by 6.4% over the period to 3.6 hours a day (although this was still less than the UK-wide average of 3.8 hours).

Viewing of the five main networks is among the highest in the South West

Viewers in London and Border apportioned less time to watching the five main PSB channels than in any other parts of the UK; in these regions the PSBs attracted a combined share of 54% (compared to the UK average of 58%). The PSBs' highest share was in South West England, at 64%, despite having reduced by 18 percentage points since 2004.

Figure 2.17 demonstrates that BBC One attracted the highest average share in the UK, at 21%, followed by ITV1 (18%). This was also largely the case at region level, apart from in the Border region, where ITV1, with a 23% share, was more popular than BBC One with a 14% share; and in the North West region (ITV1 share of 20% and BBC One share of 19%). BBC One attracted its highest share in the South West, at 26%, and its lowest in the Border region with a 14% share. BBC Two, Channel 4 (+ S4C) and Five followed a consistent pattern; their shares of viewing were fairly consistent across the regions.

Figure 2.17 Share of the five terrestrial networks, all homes, 2009

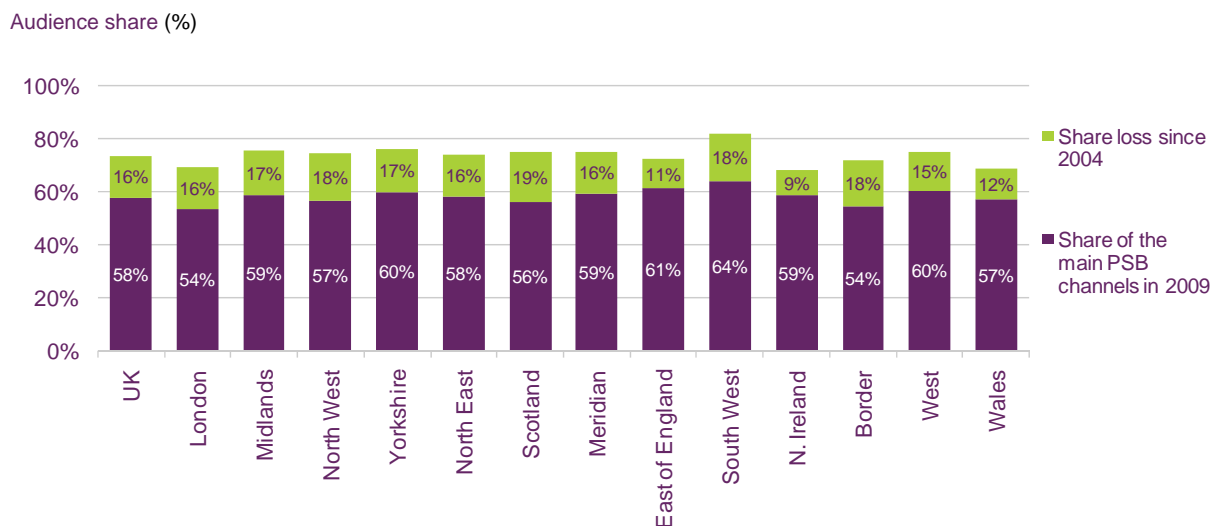


Source: BARB

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

Figure 2.18 shows that, across the UK, the five main PSBs experienced a share reduction of 16 percentage points between 2004 and 2009, achieving an average of 58% of viewing share in all homes. The largest reduction of PSB share in England was in the North West and the South West, where total share fell by 18%. The PSBs were the most effective at retaining share in the East of England, where their share declined by 11 percentage points, from 72% in 2004 to 61% in 2009, although total share fell by at least 15% in all other English regions across this same period.

Figure 2.18 Reduction in combined share of the five PSB channels, 2004 – 2009



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

ITV2 was the most popular digital-only channel in multichannel homes across every region in the UK, apart from the South West, where ITV3 was watched most. E4 was the second most widely-watched channel in all the English regions, followed by ITV3 which was overall third most-watched in English regions..

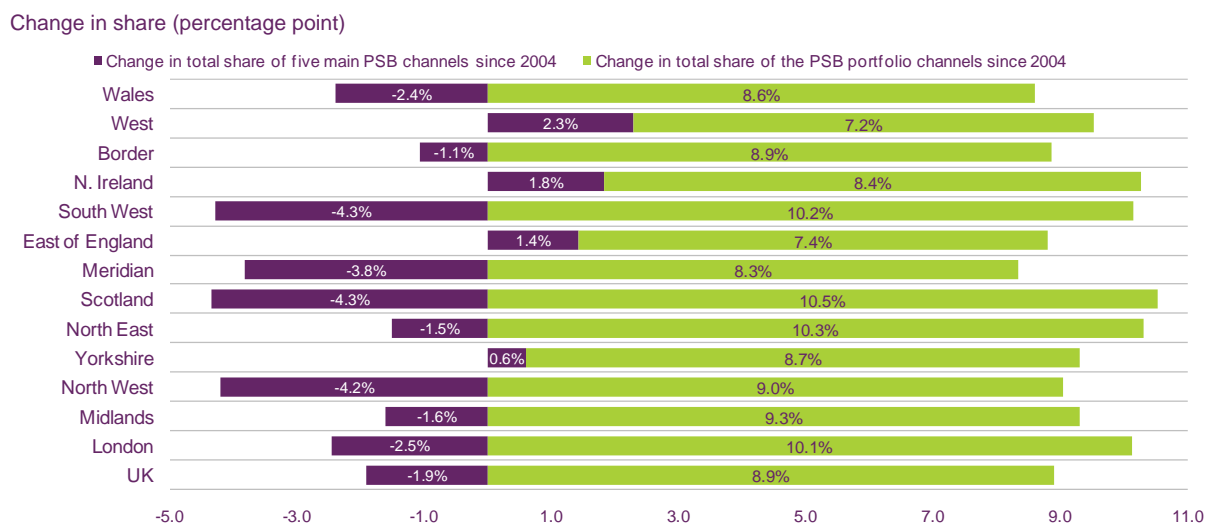
PSB portfolio channel share growth in all regions

Since 2004 the PSBs' portfolio channels (which include all channels within the PSB portfolios except the five main terrestrial channels) have gained 9.2 percentage points of share, to hold 16.9% share in multichannel homes in 2009 (UK-wide). The PSBs' digital-only channels share gain more than offset the loss of 2.7 percentage points of share by the five PSB parent channels in the same period.

Regions where PSB parent channels actually gained share showed smaller increases in their share of PSB portfolio channels against the UK-wide average. For example, in the West of England, the main terrestrial channels' share has actually increased by 2.3% since 2004, while the portfolio channels' share has increased by 7.2% (compared to the UK average of 9.2%). Similarly, in the East of England, main PSB channel shares increased by 1.4% alongside a 7.4% increase in portfolio share. The same pattern emerged in Yorkshire, with respective increases of 0.6% and 8.7%.

Conversely, regions in which the main PSB channels have lost channel share have experienced increases in PSB portfolio shares greater than the U.K average. For instance, in the South West the main channels' share decreased by 4.3%, but this was offset by an increase in PSB portfolio share of 10.2%; in London main channel shares decreased by 2.7% but PSB portfolio shares increased by 10.1% (Figure 2.19).

Figure 2.19 Net change in the audience share of the five main networks and the PSB portfolio channels in multichannel homes, 2004 - 2009



Source: BARB. Note: PSB portfolio channels include all PSB channels apart from the five terrestrial channels.

Local television news viewing is lowest in London and the North East

BBC One and ITV1's audience share for the local early evening bulletins is illustrated in Figure 2.20. In 2009 the UK-wide average was a 28% share for BBC One and a 19% share for ITV1's early evening news report. Overall, BBC One achieved its highest share in the South West and Meridian areas – 33% and 32% respectively (versus a U.K average of 28%). ITV1, on the other hand, achieved its lowest share (12%) in the South West region, as well as in London (12%). ITV1's highest share was in the Border region, attracting an average 28% share (compared to its U.K average of 19%) where BBC One early evening news reports had their lowest share (16%).

Figure 2.20 BBC One and ITV1/STV/UTV early evening news bulletin shares, 2009

Audience share (%)



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

Figure 2.21 shows that people in England claim to rely most heavily on television for their local news (48%). This is in line with the U.K average of 49%, less than for people in Scotland (64%) and Northern Ireland (50%), but more than for people in Wales (44%). After television, people in England relied most on newspapers (24%) – this was more than the U/K average of 22% and more than people in all other nations (Wales 12%, Northern Ireland, 15% and people in Scotland 7%). In third place for people in England was radio (10%); this was in roughly in line with the U.K average of 11% and with other nations, except for Northern Ireland where radio was preferred by 20%.

Figure 2.21 Sources of local news in each nation, 2009

% of respondents



Q85 Can you tell me what, if anything, is your main source of news about what is going on in your own LOCAL AREA? By this I mean news of local and regional significance.

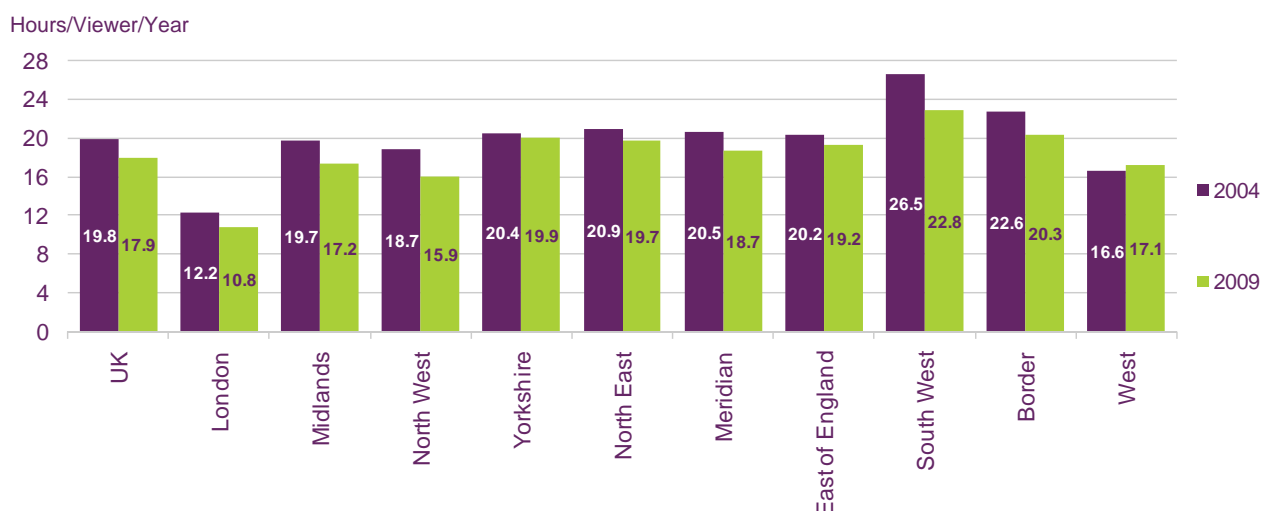
Base: All adults 15+. n = 2044 (UK), 1713 (Eng) 180 (Sc), 113 (Wa), 108 (NI)

Only responses ≥ 5% labelled

Source: Ofcom 2009 Media Tracker survey. Fieldwork carried out by Continental Research, April and October 2009.

As shown in Figure 2.22, the average UK viewer spent just under 18 hours per year watching early evening regional news bulletins in 2009, nearly two hours less than in 2004. As in 2004, viewing of early evening news bulletins was highest in the South West at 22.8 hours per year, despite this being the region with the biggest fall since 2004 (when it had been 26.5 hours). Viewers in London watched by far the least early evening regional news bulletins, at just 10.8 hours per person, decreasing from 12.2 hours in 2004. All regions showed a decrease in hours but rankings remained fairly similar to 2004.

Figure 2.22 Combined total hours of viewing of early evening regional news bulletins, per person per year, all homes, 2004 to 2009



Source: BARB. Analysis done on genre regional news, start time 17:55-18:35, 10 mins+ duration, channels BBC One and ITV1 combined, Monday through to Friday.

2.1.9 Audio-visual content viewing over other platforms

Households in rural areas more likely to watch television and video content over the internet

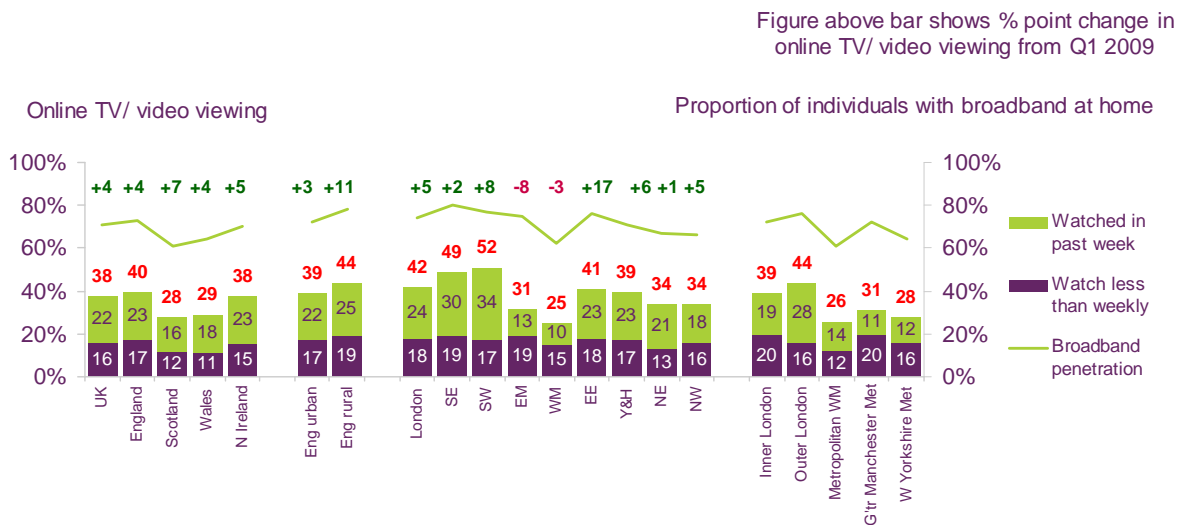
Audio-visual content online can include catch-up TV, user-generated content, music videos and video on demand. Sites like YouTube that let consumers share content with each other, and video content embedded in social networking sites, have continued to grow in popularity. And the success of services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

Two in five adults in England (40%) said that someone in their home had watched TV or video content over the internet, a rise of four percentage points since last year. England and Northern Ireland have higher use of the internet for viewing TV or video content than do Scotland and Wales. The highest levels of online viewing were found in the South East (49%) and South West (52%), while the lowest was in the West Midlands (25%).

Since Q1 2009, online viewing in rural areas has increased by 11 percentage points to 44%, overtaking levels of online viewing in urban areas and reflecting higher levels of broadband take-up in rural areas. This is despite the fact that Ofcom's recent *Broadband Speeds Report*²³ found that rural areas generally experience lower broadband speeds than urban areas.

²³ <http://stakeholders.ofcom.org.uk/market-data-research/telecoms-research/broadband-speeds/broadband-speeds-2010/>

Figure 2.23 Proportion of adults living in a household that has used the internet to watch TV or video content



Source: Ofcom research, Q1 2010

Base: All adults aged 15+ (n = 9013 UK, 5709 England, 1468 Scotland, 1075 Wales, 761 Northern Ireland)

QE12. Which, if any, of these do you or members of your household use the internet for whilst at home?

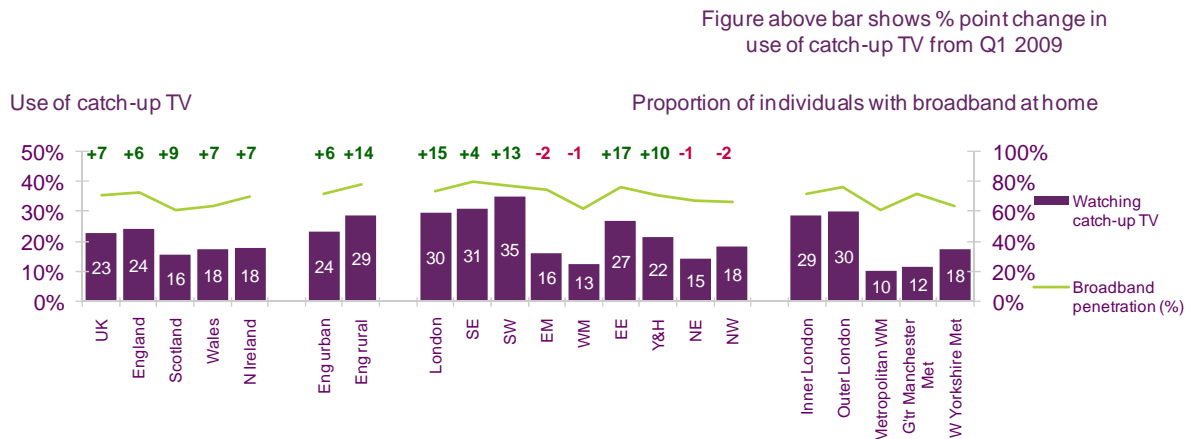
Catch-up TV was most popular in London and the south of England

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

Use of the internet to watch catch-up TV online varied widely within England, with several areas seeing large increases in take-up over the past year. Use of catch-up TV was highest in the south of England with London (30%), the South East (31%) and South West (35%) all recording levels of 30% or higher. The past year saw rapid growth of catch-up TV use in London and the South West, at 15 and 13 percentage points respectively. But while take-up was highest in the south of England, growth was highest in the East of England region, at 17 percentage points. Elsewhere some areas such as the East Midlands and North West actually saw small declines in take-up, of two percentage points,

In general, use of the internet to watch catch-up TV appears to be broadly correlated to broadband penetration, with areas of high broadband penetration more likely to use the internet for this purpose.

Figure 2.24 Proportion of adults living in a household that has used the internet to watch catch-up TV (e.g. iPlayer or Sky Player)



Source: Ofcom research, Q1 2010

Base: All adults aged 15+ (n = 9013 UK, 5709 England, 1468 Scotland, 1075 Wales, 761 Northern Ireland)

QE10A. Which, if any, of these do you or members of your household use the internet for whilst at home?

Use of the internet to watch video clips is highest in southern England

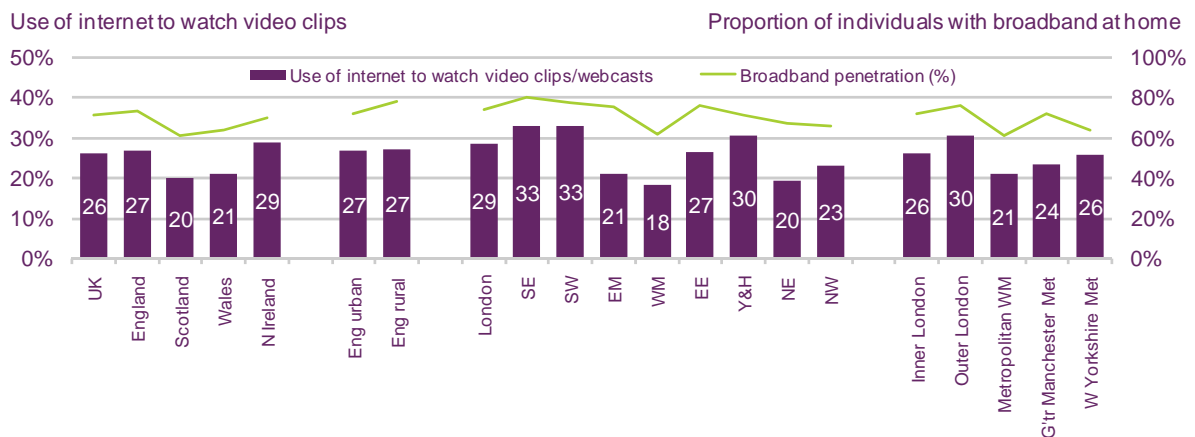
Despite the rapid growth in watching catch-up TV online in some areas, it still forms only a part of consumers' engagement with audio-visual content online. Many people's main engagement with audio-visual content online is through sites offering video clips or short webcasts. Examples of this sort of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

But the boundary between long-form and broadcast content is beginning to blur. Channel 4 (in October 2009) and Five (in December 2009) have signed deals with YouTube to make their broadcast catch-up content available on the site.

Across the UK use of the internet to watch video clips and webcasts ranges from 20% of households in Scotland to 29% in Northern Ireland, possibly reflecting the younger population skew in Northern Ireland. The UK average take-up was 26%. Unsurprisingly, this type of activity broadly reflects levels of broadband take-up.

In England 27% of the population watched this type of content online. The figure varied from 18% of households in the West Midlands to 33% of in the South East and South West areas – a difference that appears to relate at least in part to broadband take-up. There was no discernable difference between rural and urban areas.

Figure 2.25 Use of internet to watch video clips and webcasts



Source: Ofcom research, Q1 2010

Base: All adults aged 15+ (n = 9013 UK, 5709 England, 1468 Scotland, 1075 Wales, 761 Northern Ireland)

QE10A. Which, if any, of these do you or members of your household use the internet for whilst at home?

Take-up of games consoles was higher in urban areas of England

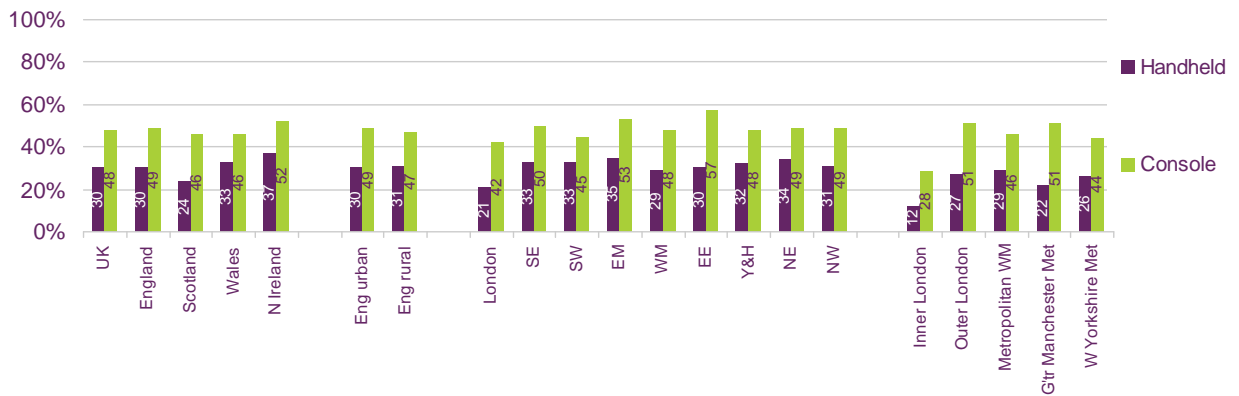
Watching audio-visual content online is not restricted to computers. As the capabilities of games consoles have developed, they have developed from being focused purely on computer games to become integrated audio-visual media devices. Consumers can play games online, access the internet, and download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

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

Figure 2.26 shows that the take-up of games consoles in England is comparable to the UK average, with 49% of households having a console and 30% a handheld device.

Take-up in London was below the UK average, at 42% for consoles and 21% for handhelds, largely driven by lower take-up in inner London.

Figure 2.26 Take-up of games consoles in England



Source: Ofcom research, Q1 2010

Base: All adults aged 15+ (n = 9013 UK, 5709 England, 1468 Scotland, 1075 Wales, 761 Northern Ireland)

QB4. Which games console/s do you or does anyone in your household have at the moment?



The Communications Market in England

3 Radio and audio content

3.1 Radio and audio content

3.1.1 Recent developments in England

Community radio

Community radio licences are awarded to small-scale operators working on a not-for-profit basis to serve local geographic areas or particular communities. The number of community stations has increased over the past three years, with a total of 228 licence awards since the start of community radio licensing in March 2005. Of these, 184 were for communities in England, with 137 stations currently on air across the English regions (July 2010).

In May 2009, Angel Radio Havant became the first community radio station in the UK to win the Queen's award for voluntary service, which recognises outstanding contributions to local communities made by volunteer groups²⁴.

Recent community radio awards in 2009/10 included awards for stations in London and the South East of England (Figure 3.1):

24

http://www.direct.gov.uk/prod_consum_dg/groups/dg_digitalassets/@dg/@en/documents/digitalasset/dg_181026.pdf

Figure 3.1 Community stations awarded in England 2009/10

Community station	Location	Award date
Betar Bangla	Stratford, east London	June 2010
Generation Radio	Clapham Park, south London	June 2010
Greenwich Kasapah	Greenwich, south east London	June 2010
Reprezent FM	South London	June 2010
Rinse FM	Inner London	June 2010
Streetlife Radio	Waltham Forest, north east London	June 2010
Susy Radio	Redhill and Reigate, Surrey	June 2010
SAFE Radio	Grays, Essex	March 2010
SFM	Sittingbourne, Kent	February 2010
Gateway FM	Basildon, Essex	February 2010
Insanity	Egham, Surrey	February 2010
Kane FM	Guildford, Surrey	February 2010
The Vibe	Watford	February 2010
OX4 FM	Oxford	December 2009
1 Ummah FM	Reading	October 2009
Marlow FM	Marlow, Bucks	September 2009
Bradio BGWS	Farnborough, Aldershot, Camberley and Fleet	September 2009
Seahaven FM	Newhaven, Seaford and Peacehaven, East Sussex	September 2009
The Park	Brockenhurst, Hampshire	September 2009
Voice FM	Southampton	September 2009

Source: Ofcom June 2010

Station format changes

Ofcom continues to be approached by some broadcasters about the possibility of changes to a station's format. The matters to which Ofcom has regard when deciding whether or not to agree to a change are set out in our published format change request policy.²⁵

In October the Radio Licensing Committee (RLC) allowed a request from Original 106.5 (Bristol) to change the licensed format of its station from that of an adult alternative, album-led station to become an adult-alternative station playing some adult-oriented album tracks with classic rock and predominantly non-contemporary pop/rock hits. In other words, the station is no longer required to be 'album-led'.²⁶

The request, which represented a significant change to the character of the station service, was the subject of a public consultation which ran from September 14 to October 9 2009.

²⁵ <http://www.ofcom.org.uk/radio/ifi/rbl/formats/formats/fc/changeregs/>

²⁶ <http://www.ofcom.org.uk/consult/condocs/originalbristol/statement/>

Ofcom undertook a similar consultation following a request from Passion Radio Oxford (PRO) to change the format of Oxford's FM 107.9. The station is currently a "voice for the young" with a requirement to deliver the sort of cutting-edge music that would be appreciated by Oxford's students and youth community. PRO wished to change the character of the station to become an easy-listening station targeted at an audience of over-45s.²⁷ Because this type of change represents a substantial change in the character of the service, Ofcom always consults publicly before coming to a decision. In this particular case the request was turned down.

DAB roll-out

In March 2010 the BBC announced²⁸ that it was investing in a further 60 digital radio transmitters as part of its commitment to reach 90% of the UK population²⁹. This is the final part of a planned roll-out which started in 2008 and which has already resulted in more than 50 additional transmitters being added to the network.

For listeners in England, this brings three new transmitters in Greater London and the Home Counties – boosting reception across the capital and providing coverage to the Weald of Kent, as well as High Wycombe, Stevenage and Welwyn Garden City. There will be nine new transmitters for the South West, including extensions of digital radio to Newquay and Bodmin, Tiverton and Teignmouth, and two new transmitters for Derbyshire, including one for Derby itself, and new transmitters for Saffron Walden, Shaftesbury, Stroud and Sunderland.

Smaller players winning plaudits

In 2010 The Hackney Podcast³⁰ won Sony Radio Gold for the best internet radio programme.³¹ The Hackney Podcast was set up in 2008 by Francesca Panetta and Felix Carey and it is freely available to download from their website.

September 2009's podcast³² looked at water and how it fits into the lives of people in Hackney. It featured author and psycho-geographer Iain Sinclair and architectural historian Simon Inglis, with music from electro-acoustic composers Francisco Lopez, Stefano Tedesco, Tom Haines, Leafcutter John and Felix Carey.

The Sony judges commented: "The Hackney Podcast is just the type of targeted and locally-orientated content that sets podcasting apart from conventional radio broadcasting. Using first-rate contributors, the podcast examined how water fits into the lives of people in Hackney. The production quality is outstanding, giving the whole listen a water-like lyricism that carries the listener through to its conclusion".³³

The Prison Radio Association³⁴ (PRA) built on its success last year³⁵ to win a Bronze Award at the Sony Radio Academy Awards in the Best Community Programming category.³⁶

²⁷ <http://www.ofcom.org.uk/consult/condocs/oxfordsfm1079/summary/>

²⁸ http://www.bbc.co.uk/pressoffice/pressreleases/stories/2010/03_march/23/digital.shtml

²⁹ http://www.bbc.co.uk/aboutthebbc/purpose/public_purposes/communication.shtml

³⁰ <http://hackneypodcast.co.uk/>

³¹ <http://www.radioawards.org/winners/?awid=198&awname=Best+Internet+Programme&year=2010>

³² <http://hackneypodcast.co.uk/2009/09/edition-14-water/>

³³ <http://www.radioawards.org/winners/?awid=198&awname=Best+Internet+Programme&year=2010>

³⁴ <http://www.prisonradioassociation.org/>

³⁵ <http://www.prisonradioassociation.org/?con=pressrelease>

This success built on the four awards (two Bronze Awards: the Interview Award and the Speech Award, and two Gold Awards: the Listener Participation Award and the Community Award), that the group had won at previous Sony Radio Awards.

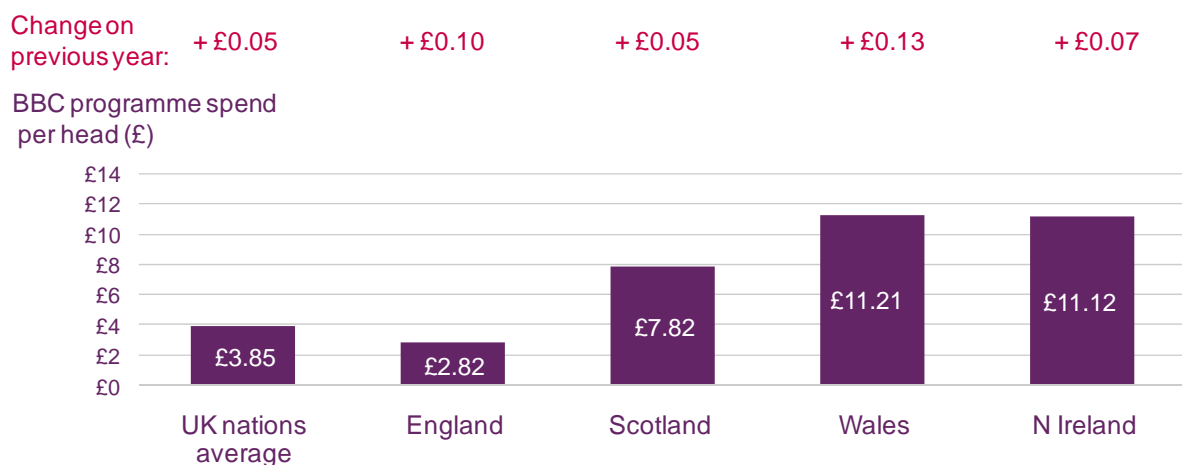
Based in HMP Brixton, Electric Radio Brixton supports rehabilitation by engaging prisoners in programming that addresses a range of issues related to offending behaviour. The Sony judges noted: "This no-holds-barred approach captures the harsh realities of life inside. The story delivered impact through impressive production techniques and credible storytelling."³⁷

3.1.2 The radio industry

BBC radio funding in England

Figure 3.2 shows that the BBC's per-capita local radio spend is lower in England than in the other UK nations. Total BBC spend on local services in the English regions totalled £138m in 2009/10, up by 3.1% on £134m in 2008/09. On a per-capita basis this was equivalent to £2.82 per person (up 10p on £2.72 in 2008/09). By comparison, spend per person was highest in Wales £11.21, then Northern Ireland at £11.12, and Scotland at £7.82.

Figure 3.2 BBC spend on national / local radio programming 2009-10



Source: BBC Annual Report and Accounts 2009/10

Note: The revenue data above have been compiled by the BBC to illustrate UK public services expenditure by service.

Commercial radio revenue

Revenue generated by the commercial stations in England stood at almost £322m in 2009; down by 12% from £368m in 2008. This was equivalent to around 83% of total UK local commercial radio revenues of almost £390m in 2009. Adjusting for population size gives a figure of £6.60 per head in England for 2009, down from £7.54 in 2008 (Figure 3.3).

By comparison, local commercial revenue per head was higher in Scotland at £7.84 and also in Northern Ireland at £7.62, while revenues in Wales were lowest at £5.49 per head. Local commercial radio revenues in England and Northern Ireland were down 12% on the year,

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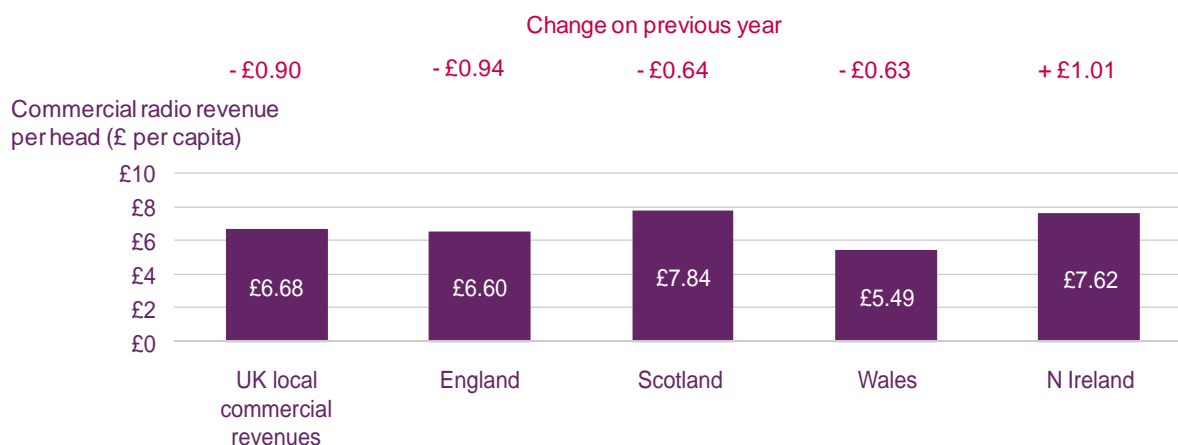
<http://www.radioawards.org/winners/?awid=197&awname=Best+Community+Programming&year=2010>

37

<http://www.radioawards.org/winners/?awid=197&awname=Best+Community+Programming&year=2010>

while Wales saw a fall of 10%. In Scotland the commercial market fared slightly better with revenues down by 8% in 2009.

Figure 3.3 Local commercial radio revenue, per head, 2009



Source: Ofcom, operators 2009

Note: Chart shows net broadcasting revenues based on returns received by Ofcom for the year 2009. The UK total shows the average for local commercial radio revenues across the four nations and excludes revenues for the UK-wide commercial stations.

3.1.3 Radio service availability

DAB digital radio coverage increases, with further transmitters installed

The BBC is still expanding its national DAB digital radio network, and in March 2010 it announced that it would invest in a further 61 national digital radio transmitters as part of its commitment to reach 90% of the UK population. In July 2010, following the announcement of the government's Digital Radio Action Plan, the BBC confirmed plans to complete the programme of new transmitters by mid-2011, to bring its national in-home coverage to at least 92% of the UK population, (up from an estimated coverage of 85% at present). This development work will also see enhanced reception for vehicles, with coverage of UK's motorway network expected to reach 93% (from 83% at present). Road coverage within the M25 area would reach around 99% (up from the current 89%), with the addition of four new transmitters to bring this up to FM-equivalent levels.

For listeners in England, this brings three new transmitters for Greater London and the Home Counties – boosting reception across the capital and providing coverage to the Weald of Kent, as well as providing coverage to High Wycombe, Stevenage and Welwyn Garden City. There will be nine new transmitters for the South West – including extensions of digital radio to Newquay and Bodmin, Tiverton and Teignmouth and two new transmitters for Derbyshire, including one for the city of Derby, and new transmitters for Saffron Walden, Shaftesbury, Stroud, and Sunderland.

The national commercial network, operated by Digital One, covers an estimated 90% of the UK population, with a network of over 130 transmitters. Ongoing development of the network continues to increase national commercial coverage.

In July 2010, as part of the government's Digital Radio Action Plan, Ofcom was asked to lead a process to consider the future spectrum planning requirements of digital radio, in order to prepare for the digital radio upgrade and to make recommendations to Ministers. This process will establish the current levels of FM coverage, which will provide the benchmark for future planning, and determine the most technically efficient way of matching

DAB coverage to FM. This process is likely to consider appropriate DAB field strengths; this will be needed to calculate accurately the existing coverage of all national and local multiplexes, and to work out what steps are required to improve coverage. The process is likely to be completed by the end of Q2 2011.

DAB station choice higher in larger cities

In terms of station availability, there are currently 20 national DAB services available, both from the BBC (11) and from Digital One (9), with local services increasing this number.

The BBC multiplex carries all the BBC’s UK-based radio services, Radio 1, 2, 3, 4, 5 Live, 6, 7, BBC World Service, BBC Asian Network, 1Xtra and 5 Live Sports Extra. The Digital One network currently provides nine national stations across Wales, Scotland, and England: Classic FM, talkSPORT, Absolute Radio, Planet Rock, BFBS, UCB UK, Absolute 80s, Amazing Radio, and Premier.

With variations in the coverage and range of local commercial stations available across the country, the choice of DAB stations across the English regions ranges from over 60 in the London area to 29 in areas such as Plymouth and Cornwall. Larger cities, including Birmingham, Liverpool and Manchester, have access to up to 42 DAB services, including the 20 national stations (Figure 3.4). Medium-sized cities such as Leicester, Nottingham, and Stoke have access to 30-31 DAB stations.

Figure 3.4 Availability of DAB stations, by geography



Source: Ofcom, July 2010

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

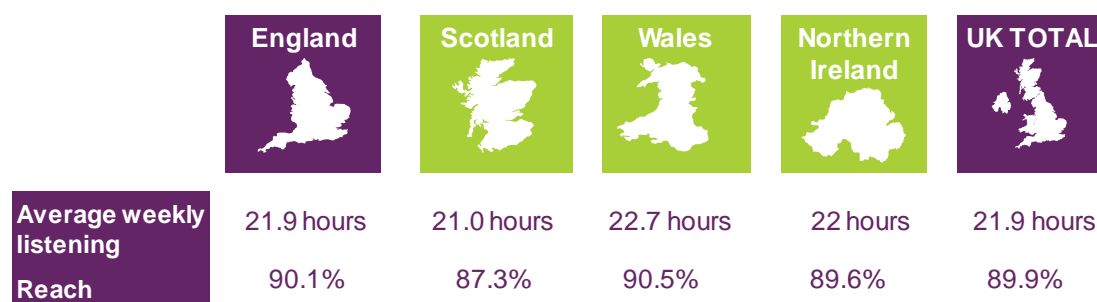
3.1.4 Patterns of listening to audio content

Hours of radio listening are second highest in England of all the UK nations

Radio services reached 90.1% of the adult population in England on a weekly basis in Q1 2010; this was up from 89.5% a year previously. This was a higher reach than in Scotland (87.3%) and Northern Ireland (89.6%) but below Wales (90.5%). Average hours per listener in England were 21.9 hours per week in Q1 2010, down by 1.8% from 22.3 hours a year previously. Weekly listening was highest in Wales, at 22.7 hours a week, followed by Northern Ireland (22.0), with Scotland the lowest at 21.0 (Figure 3.5)

Figure 3.5 Levels of radio listening in 2010

Average weekly listening hours and percentage reach of population



Source: RAJAR, year to Q1 2010

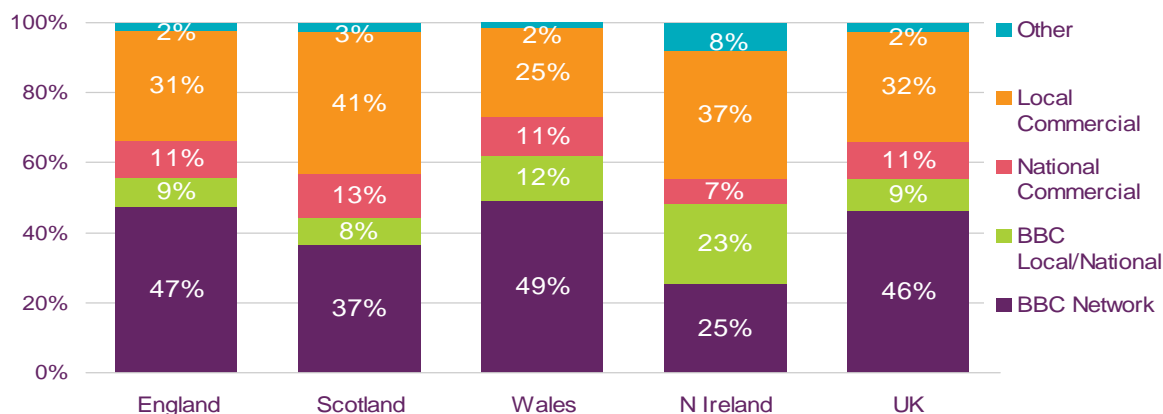
BBC share of listening higher in England than in other UK nations

Figure 3.6 illustrates how listening to BBC stations accounted for over half (56%) of all radio listening in England in Q1 2010. BBC network listening accounted for 47.3% of this, (up 0.6% in the year), while BBC local radio listening in England held a 8.5% share (-0.5%).

The commercial radio stations held a 41.9% share of listening in England in Q1 2010. The majority of this (31.4%) was local commercial listening, (stable, year on year), with national commercial making up the other 10.5% (down 0.4% on the year).

Figure 3.6 Share of listening hours, by nation and sector

Audience share for BBC and commercial stations, local/national



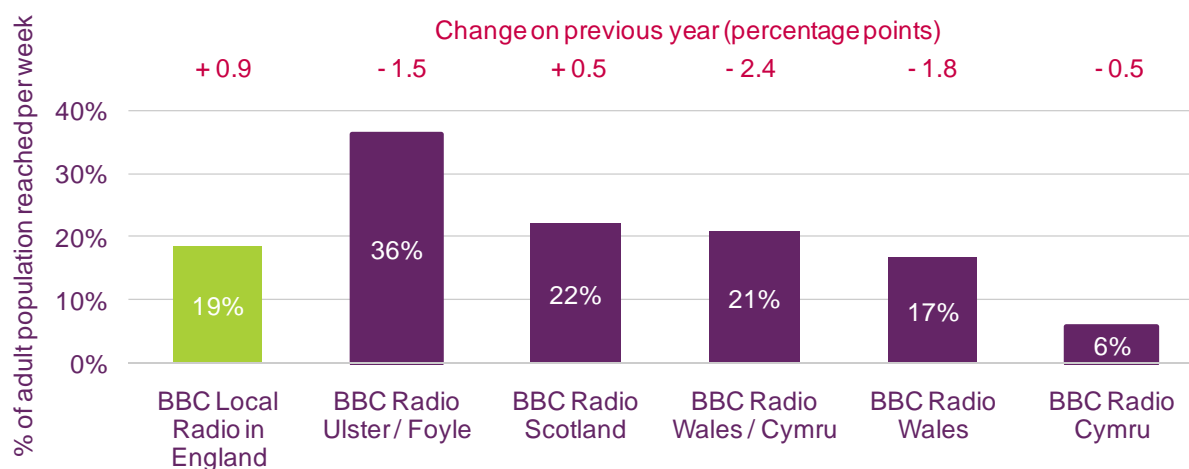
Source: RAJAR, year to Q1 2010

BBC local radio in England attracted a weekly audience of around 7.7 million adults in Q1 2010. This was equivalent to just under one in five (19%) of the adult population in England using local BBC services every week (Figure 3.7).

Audience reach was up, by 0.9 percentage points on the year. By comparison, the audience for BBC services in Wales was down by 2.4pp, and in Northern Ireland listening to Ulster / Foyle was down 1.5pp. BBC Radio Scotland saw an increase of 0.5pp. The weekly reach of local BBC radio in England is similar, at 19%, to that of BBC Radio Wales at 21% and BBC Radio Scotland at 22%. The local BBC services with the highest local reach in England include BBC Radio Cumbria (38%), BBC Radio Guernsey and BBC Radio Jersey, both at 36%, and BBC Radio Cornwall (31%).

Figure 3.7 Weekly reach for national / local BBC services, Q1 2010

Percentage of adult population reached per week



Source: RAJAR, weekly reach Q1 2010

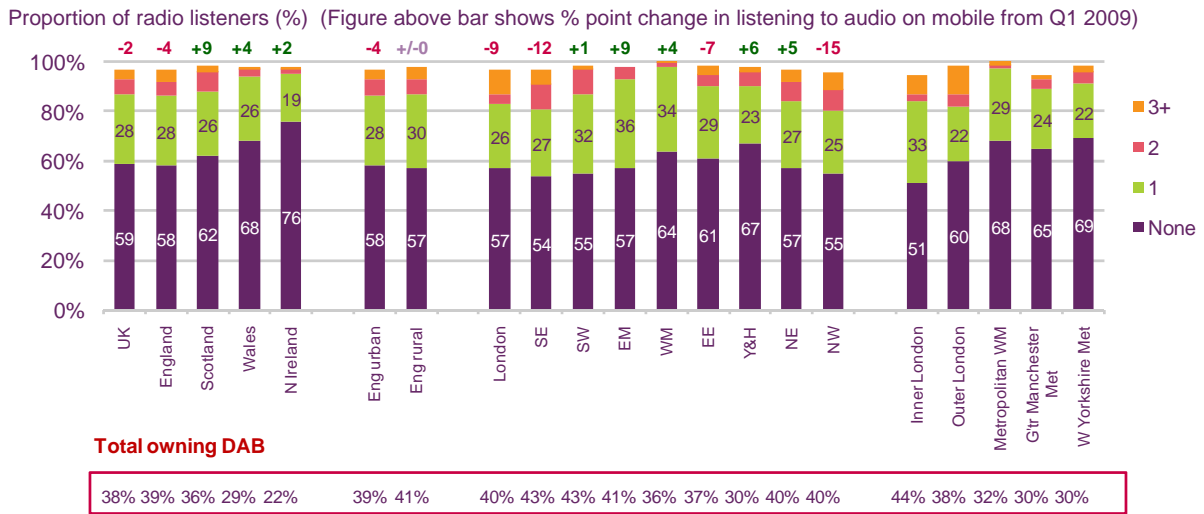
3.1.5 Digital device ownership

Ownership of DAB

Across England 39% of radio listeners claimed to own at least one DAB digital radio set; one percentage point higher than the UK average of 38%. Take-up in England was higher than in Northern Ireland (22%), Wales (29%) and Scotland (36%). Radio listeners in rural areas of England were more likely to own a DAB radio than those in urban areas, 41% and 39% respectively.

Within the regions of England, radio listeners in the South East and South West were the most likely to say that they owned at least one DAB radio set, both at 43%. Ownership was lowest in the Yorkshire and Humber region at 30%. Of the more local metropolitan areas, ownership was highest in the inner London area, at 44% (Figure 3.8).

Figure 3.8 Ownership of DAB digital radios



Source: Ofcom research, Q1 2010

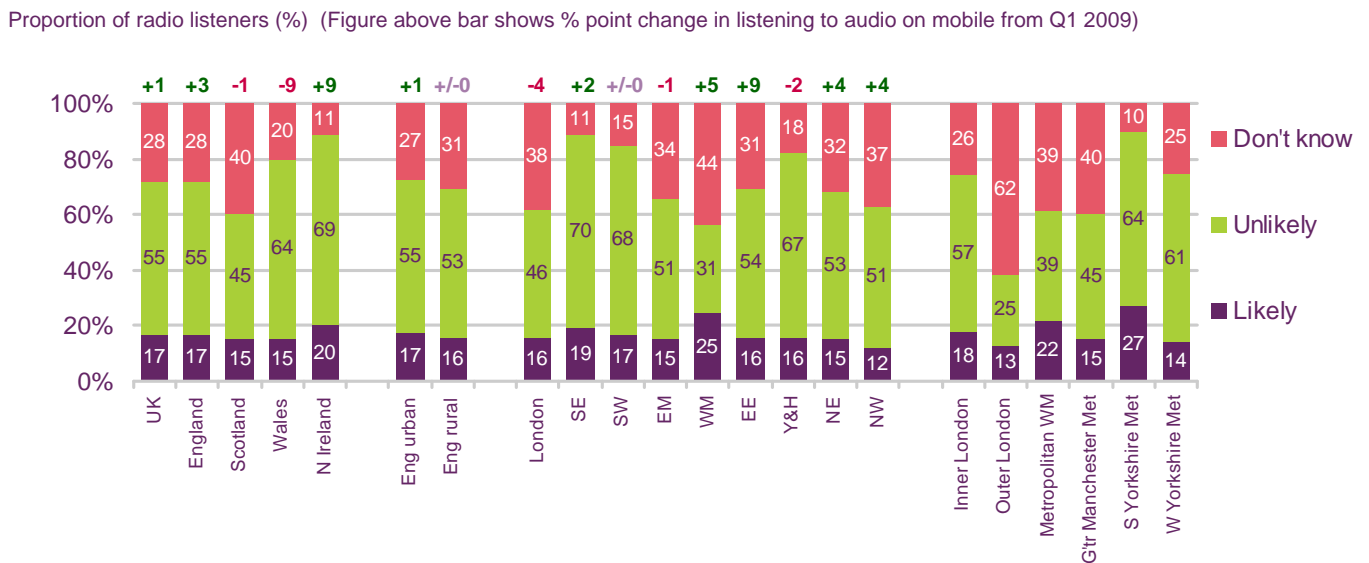
Base Adults aged 15+ who listen to radio (n= 7017 UK, 4476 England, 1034 Scotland, 854 Wales, 653 Northern Ireland)

Note: Remaining percentages are Don't know responses
QP9. How many DAB sets do you have in your household?

Likelihood to purchase DAB radio set higher in England than in Scotland and Wales

Around 17% of radio listeners in England without a DAB radio set said they were likely to purchase one within the next 12 months, in line with the UK-wide average figure of 17%. Within the regions of England, people in the West Midlands expressed the greatest interest, with one in four (25%) intending to buy. This figure was lowest in North West England at only 12%. People living in urban areas (17%) were slightly more likely to buy than those in rural areas (16%) (Figure 3.9).

Figure 3.9 Intention to purchase DAB radio



Source: Ofcom research, Q1 2010

Base: Adults aged 15+ who listen to radio and do not have a DAB set (n= 4445 UK, 2690 England, 661 Scotland, 594 Wales, 500 Northern Ireland)

QP12: How likely is it that your household will get a DAB radio in the next 12 months?

Reasons for not purchasing a DAB radio set

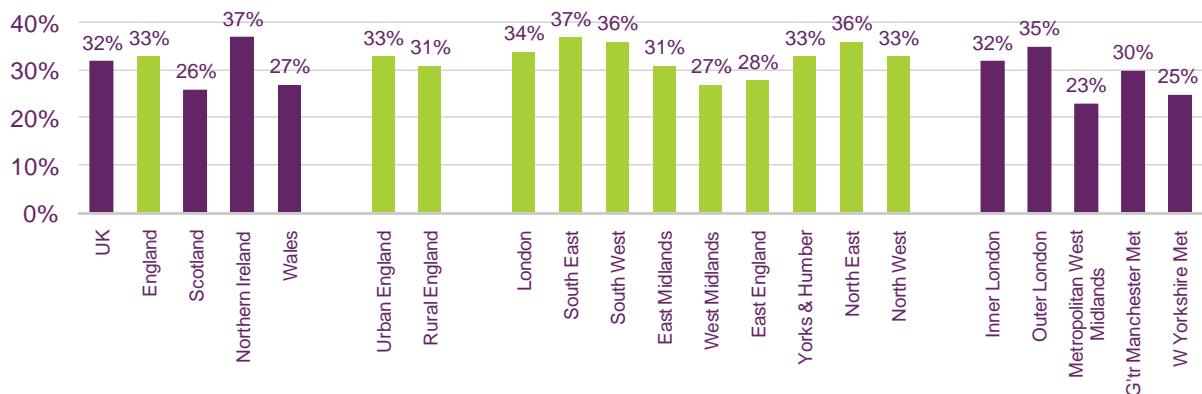
Of the reasons given for not wanting DAB, some respondents said they felt they did not need the DAB service; this was highest in the Yorkshire and Humber area (65%), and also in London, at 61%. Over half of listeners (51%) in the North East said they happy with their existing service, while another 7% thought that DAB was too expensive generally. Nine per cent of people in the outer London area thought that the cost of DAB might prevent them from buying. The areas which cited poor reception as a factor included the rural areas of England (13%), and in the regions, respondents in the South West (12%) and outer London (10%).

Ownership of MP3 players

A third of respondents in England claimed to use an MP3 player or iPod themselves, while 41% said that there was at least one MP3 player in their home. Within the regions, ownership was highest in the South East at 37% and also above average in the South West and North East, both at 36%. The lower areas of take-up included the East of England (28%) and the West Midlands region (27%), with ownership particularly low in the West Midlands metropolitan area, at 23% (Figure 3.10).

Figure 3.10 Personal use of MP3 player / iPod

Use of either an MP3 player or an iPod (% adults)



Source: Ofcom research, Q1 2010

Base: All adults aged 15+ (n = 9013 UK, 1075 England, 5709 England, 1468 Scotland, 761 Northern Ireland, 810 England urban, 265 England rural, 348 South East England, 360 South West England, 367 North/ Mid England)

QB2. Do you personally use: MP3 player / iPod?

3.1.6 Digital radio listening

Listening to radio online and via DAB is higher in England than in other UK nations

By Q1 2010 listening online had been tried by just over one in five (21%) of respondents in England; this was higher than in the other nations: Northern Ireland (16%), Scotland (14%), and Wales (12%). Levels of listening to digital radio via a DAB set were also higher in England, with almost a third (29%) having used a DAB radio, higher than in Northern Ireland (27%), Scotland (19%), and Wales (22%).

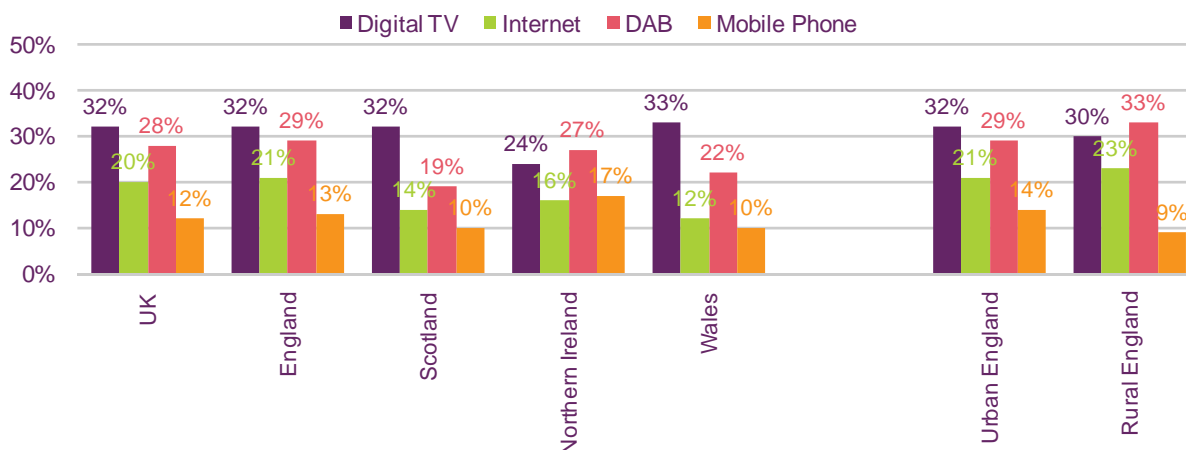
By Q1 2010 a third (32%) of people in England claimed to be using digital TV to listen to radio channels; this was also the most popular way of accessing digital radio. By comparison, following switchover in Wales the figure was 33%, while in Scotland it was 32%, and was lowest in Northern Ireland at 24%.

About one in eight people (13%) in England had at some time listened to radio over a mobile phone, comparable to 10% in Scotland and Wales but lower than Northern Ireland (17%).

DAB listening was higher in rural England at 33% than in urban areas at 29%. However, listening via a mobile phone was higher in urban areas, at 14% versus 9%. DTV and online listening were broadly similar across urban and rural areas (Figure 3.11).

Figure 3.11 Listening to radio via DTV, internet, mobile phone, (UK nations, urban and rural England)

Proportion of respondents (%) who have listened to radio via DTV, internet or mobile phone



Source: Ofcom research, Q1 2010

Base: Adults aged 15+ who listen to radio (n= 7017 UK, 4476 England, 1034 Scotland, 653 Northern Ireland, 623 England urban, 231 England rural)

QP3. How often, if at all, do you access the radio via – digital radio onTV; internet, DAB radio, mobile phone?

Varying trends in digital listening across the English regions

A number of variances were highlighted by the research into the use of digital platforms to access audio content within the English regions.

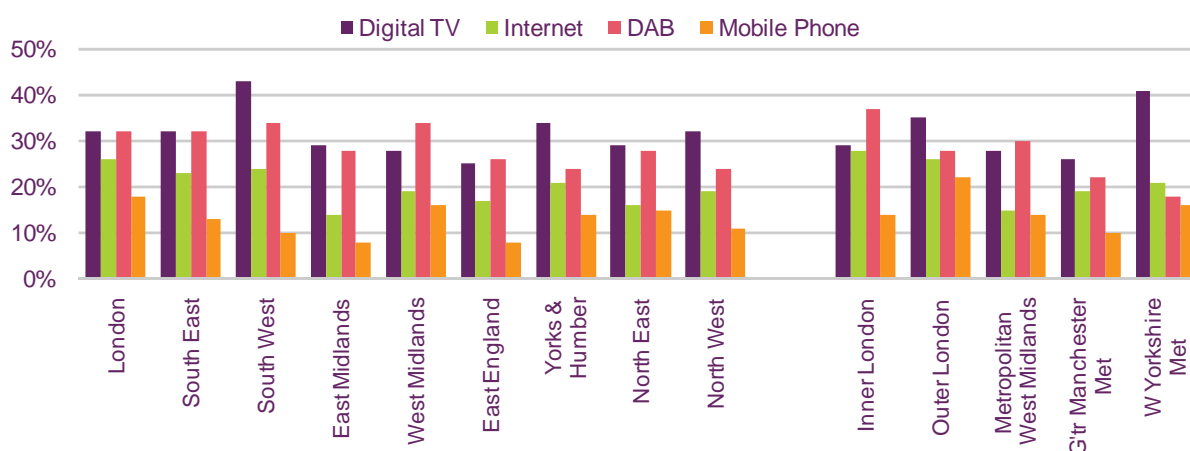
Listening via DTV was notably higher in the South West at 43%, possibly aided by switchover in this area. Similarly, the metropolitan areas of South and West Yorkshire were also higher than the 32% England average, at 41%. Listening via DTV was lowest in the East of England (25%), a lower area of DTV take-up generally.

Listening online was highest in the London area at 26%, (the outer London area was higher still at 28%). It was much lower in the East Midlands (14%) and the North East (16%).

Listening via DAB radio was higher in the South West and West Midlands regions, both at 34%, and higher still in the metropolitan areas of South Yorkshire (40%) and outer London (37%). The regions where DAB use was lower included Yorkshire and the Humber and the North West, both at 24%. The metropolitan areas of West Yorkshire (18%) and Greater Manchester (22%) were the lowest of the local areas (Figure 3.12).

Figure 3.12 Listening to radio via DTV, internet, mobile phone – English regions and metropolitan areas

Proportion of respondents (%) who have listened to radio via DTV, internet or mobile phone



Source: Ofcom research, Q1 2010

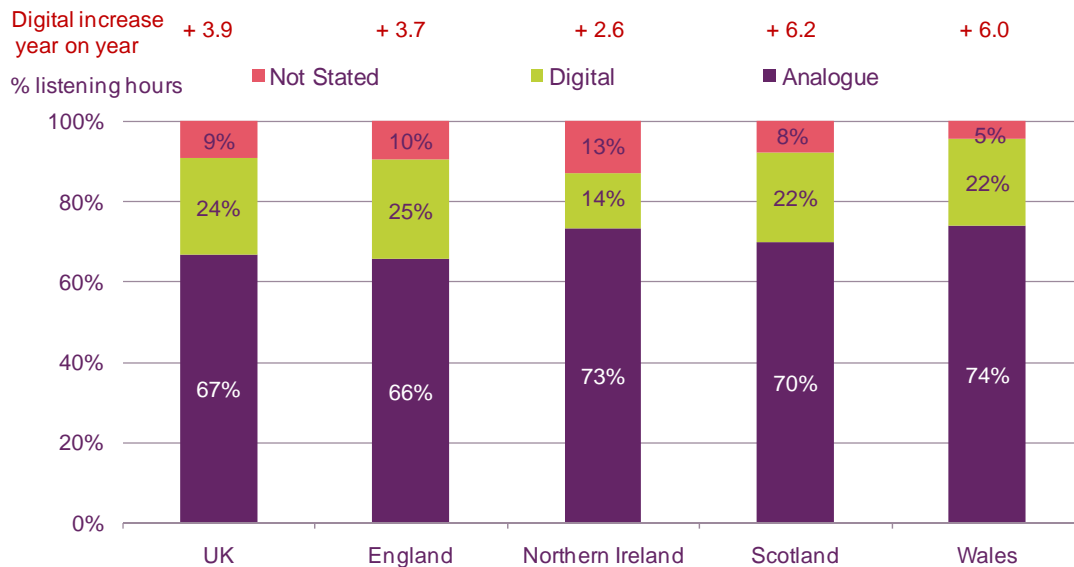
Base: Adults aged 15+ who listen to radio (n= 7017 UK, 854 England, 4476 England, 1034 Scotland, 653 Northern Ireland, 623 England urban, 231 England rural, 251 South East England, 277 South West England, 326 North/ Mid England)

QP3. How often, if at all, do you access the radio via – Digital radio via TV, internet, DAB radio, mobile phone?

A quarter of radio listening hours in England are via digital platforms

In Q1 2010, radio listening via digital platforms (including listening via DAB set, DTV, or online), had reached a quarter (25%) of all radio listening hours in England. This was up by 3.7 percentage points on a year previously and was higher than the other UK nations. It was lowest in Northern Ireland at 14%, while in Wales and Scotland just over a fifth of listening (22%) was via digital platforms. This reflected the general pattern of take-up and availability of digital radio across the nations.

Figure 3.13 Share of radio listening hours via digital and analogue platforms



Source: RAJAR / Octagon, Q1 2010

Note: 'Not Stated' category refers to listening where the respondent did not specify the platform used.

Use of a mobile phone to listen to audio is higher in urban areas, particularly London

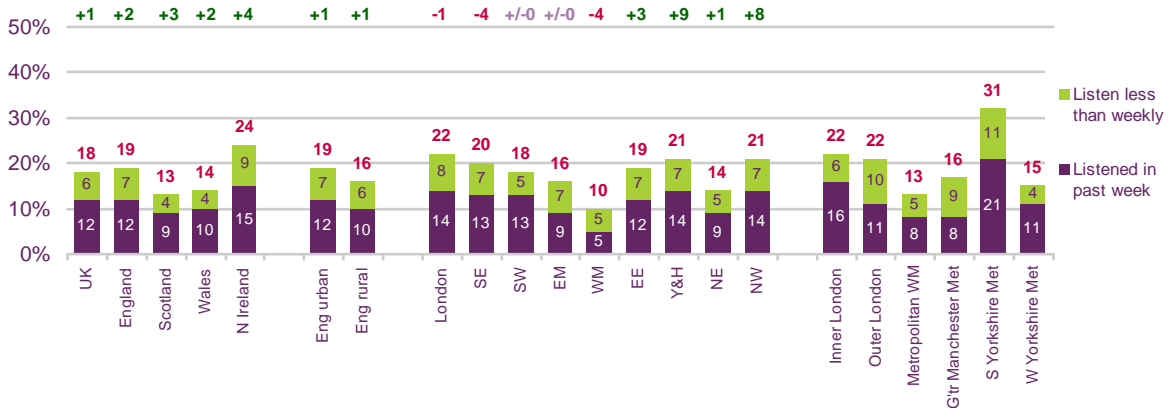
Many mobile phones now offer consumers the ability to listen to audio content without paying data charges or needing lots of storage space. Audio content includes both radio and MP3 files – either uploaded from a PC or downloaded from the internet.

In Q1 2010 one in five adults in England (19%) used their mobile phone to listen to audio content. This was highest in Northern Ireland, which increased by four percentage points to 24% in the past year, and lowest in Scotland and Wales (13% and 14%).

Urban areas (19%) continued to report higher use of mobile phones for this activity than rural areas (16%); this was particularly high in London, at 22%.

Figure 3.14 Proportion of adults who have used a mobile phone to listen to audio

Proportion of respondents (%) who have used their mobile to listen to audio content (Figure above bar shows % point change in listening to audio on mobile from Q1 2009)



Source: Ofcom research, Q1 2010

Base: All adults aged 15+ (n = 9013 UK, 5709 England, 1468 Scotland, 1075 Wales, 761 Northern Ireland)

QD28. Which, if any, of the following activities, other than making and receiving calls, do you use your mobile for?

3.1.7 Listening to music online

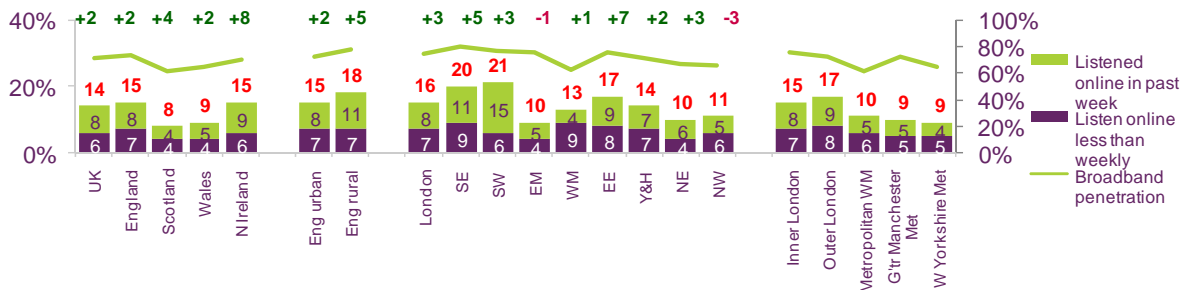
London has higher internet radio use than other urban areas

Listening to the radio online remains less popular than watching TV online. One in seven (15%) adults in England said they listened to the radio via the internet; this is now in line with Northern Ireland but remains higher than Scotland and Wales.

Use of internet radio varied greatly across England, with the highest use reported in the South West (21%) and South East (20%), with the lowest levels of use in the North East and East Midlands (both 10%). People in London reported higher use of internet radio than those living in other urban areas.

Figure 3.15 Proportion of adults living in a household that has used the internet to listen to radio

Online radio listening: proportion of individuals with broadband at home (Figure above bar shows % point change in listening to audio on mobile from Q1 2009)



Source: Ofcom research, Q1 2010

Base: All adults aged 15+ (n = 9013 UK, 5709 England, 1468 Scotland, 1075 Wales, 761 Northern Ireland)

QE12. Which, if any, of these do you or members of your household use the internet for whilst at home?

The internet has opened up a variety of new ways for consumers to discover, interact with, listen to, share and manipulate the music they want to listen to. Consumers can listen to the radio online, buy music downloads from sites such as iTunes, stream music from sites like Spotify and take advantage of the plethora of music blogs and information sites.

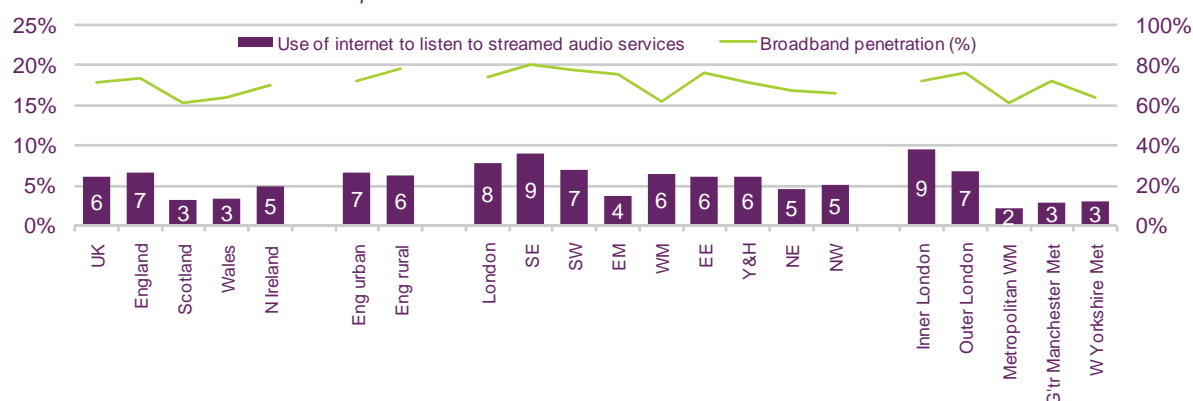
Listening to streamed audio services is still a niche activity

During the past year several on-demand streaming services have grown in prominence as an alternative way of consuming music online. Instead of listening to online radio stations, or paying to download individual tracks from services such as iTunes, services such as Spotify, We7 and Last.fm allow users to stream music on-demand to their computers (and, in some cases, mobile devices). The basic tier of these services is usually advertising-supported and provided to consumers for free. But most services also offer premium subscription tiers without adverts and with advanced or mobile functionality.

Although streaming services have received significant media attention over the past year, Ofcom research shows that take-up is still relatively low. Across the UK just 6% of consumers claim to have accessed these services using the internet (Figure 3.16). Take-up was lowest in Scotland and Wales (both 3%), and higher in Northern Ireland (5%) and England (7%). In England use of these services ranged from 2% in the metropolitan West Midlands to 9% in inner London.

Figure 3.16 Use of the internet for listening to streamed audio services

Use of internet to streamed audio: Proportion of individuals with broadband at home



Source: Ofcom research, Q1 2010

Base: All adults aged 15+ (n = 9013 UK, 5709 England, 1468 Scotland, 1075 Wales, 761 Northern Ireland)

QE10A. Which, if any, of these do you or members of your household use the internet for whilst at home?

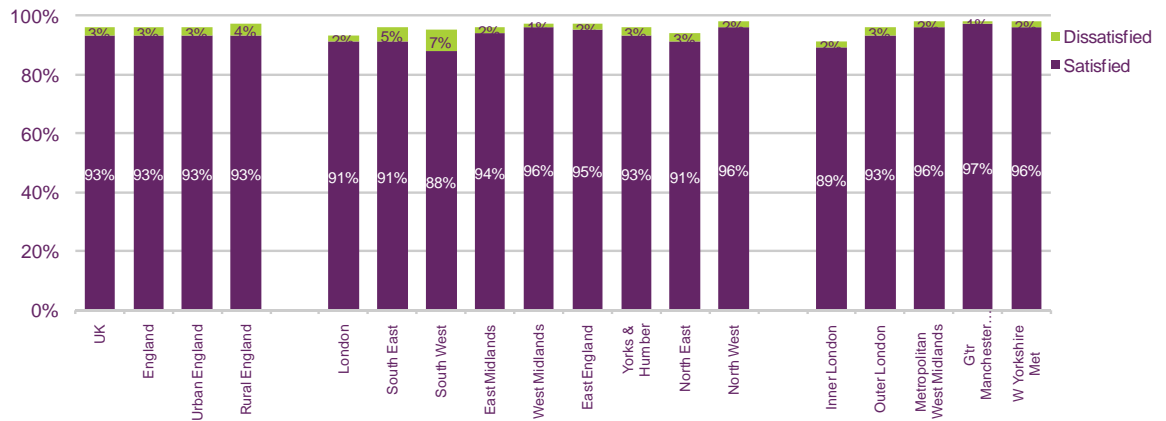
3.1.8 Satisfaction with radio services

Satisfaction with choice of radio services higher in southern England

Satisfaction with the choice of stations available in England was relatively high at 93%, with only 3% of respondents in England saying that they were dissatisfied with station choice in their area. Satisfaction was higher than average in the West Midlands and North West, both at 96%. Dissatisfaction was highest in the South West, with 7% unhappy with station choice, while in the South East 5% were dissatisfied.

Figure 3.17 Satisfaction with choice of radio services

Satisfaction with radio station choice (%)



Source: Ofcom research, Q1 2010

Base: Adults aged 15+ who listen to radio (n= 7017 UK, 854 England, 4476 England, 1034 Scotland, 653 Northern Ireland, 623 England urban, 231 England rural, 251 South East England, 277 South West England, 326 North/ Mid England).

Note: Remaining percentages also includes 'Neither' responses. QP4: How satisfied are you with the choice of radio stations available in your area



The Communications Market in England

4 Internet and web-based content

4.1 Internet and web-based content

4.1.1 Recent developments in England

UK Digital Champion

In June 2010, Martha Lane Fox was appointed by the Prime Minister as the UK Digital Champion.³⁸ Her role includes encouraging as many people as possible to get online in the lifetime of this Parliament, as well advising the government on how efficiencies can best be realised through the online delivery of public services.

In July, Race Online 2012, headed by Martha Lane Fox, launched a manifesto³⁹ for a 'Networked Nation'. The manifesto noted that one fifth of the population in the UK, ten million people, are missing out on consumer savings, access to vital information and educational success as a result of not being online.

The manifesto called for urgent action to get millions more online by the end of 2012, with key roles for government, industry and charities and the aim "to get everyone of working age online by the end of this Parliament, so that everyone who then retires will have skills to enjoy benefits of the web"⁴⁰.

Race Online 2012 aims to sign up 10,000 partner organisations and individual advocates to help achieve its goal of making the UK one of the first developed countries in the world to achieve near-total internet use by 2012.⁴¹

Home Access scheme

In January 2010 the Department for Children, Schools and Families announced⁴² a scheme to give 270,000 low-income families across England a free computer and free broadband access, as part of a major government drive to close the digital and educational divide between rich and poor and to help keep parents in touch with their child's progress.

The £300m Home Access programme was rolled out nationally after successful pilots in Oldham and Suffolk showed a positive impact on both the pupils and their parents.

On 24 May 2010 the government announced a package of measures to reduce expenditure in the public sector. This included the planned closure of Becta,⁴³ which had been administering the Home Access scheme.

While disappointed with this outcome, Graham Badman, Chairman, and Stephen Crowne, Chief Executive of Becta, noted that the "Home Access programme will give laptops and broadband to over 200,000 of the poorest children."⁴⁴

In June 2010 Becta announced⁴⁵ plans under the Home Access programme to provide bespoke assistive technology solutions for 12,000 children with the most profound

³⁸ <http://www.number10.gov.uk/news/statements-and-articles/2010/06/letter-of-appointment-to-martha-lane-fox-52045>

³⁹ <http://raceonline2012.org/manifesto>

⁴⁰ http://raceonline2012.org/sites/default/files/resources/manifesto_for_a_networked_nation_-_press_release.pdf

⁴¹ <http://raceonline2012.org/why-get-involved>

⁴² http://www.dcsf.gov.uk/pns/DisplayPN.cgi?pn_id=2010_0011

⁴³ <http://news.becta.org.uk/display.cfm?page=2137>

⁴⁴ <http://news.becta.org.uk/display.cfm?resID=42305>

disabilities or special educational needs. Despite the recent announcement to close Becta, the government has committed to continuing with the assistive technology element of the Home Access programme. This will run until March 2011.

The emergence of hyper-local

Ofcom's report on *Local and Regional Media in the UK*⁴⁶ noted the increasing profile and importance of hyper-local online websites in the media ecology. Research in the report found that one in five consumers claim to use community websites at least monthly, and a third of these say they have increased their use of such websites over the past two years.

These sites vary in their size and scope, but all tend to be focused on small geographic communities; be that a postcode such as London SE1⁴⁷ or the village of Parwich⁴⁸ in the Peak District, through to wider city communities such as Sheffield⁴⁹ or Birmingham⁵⁰.

Hyper-local blogs are often primarily written by volunteers and are not for profit. Low cost, or free, content creation tools such as WordPress, Ning or Blogger have provided the online platform for many of these sites to flourish.

In the past year 4iP⁵¹ and Screen West Midlands have funded 'Talk About Local'⁵² to help train communities to develop their own online presence, while traditional media have also moved into hyper-local. The Guardian's Local project is designed to bring "a small-scale community approach to local newsgathering" in Edinburgh, Cardiff and Leeds⁵³, while Trinity Mirror's Teesside Gazette has ten online hyper-local blogs⁵⁴, each of which focus on a single postcode and are run by unpaid volunteers.

The content and tone of hyperlocal sites varies enormously. Some focus on environmental matters⁵⁵, whilst others are more skewed towards storytelling⁵⁶, holding local politicians to account⁵⁷ or a combination of all of the above⁵⁸. Their breadth was showcased in the recent Talk About Local and Guardian Local Awards which were announced in April⁵⁹.

With new sites being created every day, it's impossible to gauge how many hyper-local communities there are, but Openly Local currently⁶⁰ lists 295 sites across the UK, the majority of which are in England.

4.1.2 Broadband take-up

The growth of the internet has provided another platform over which content can be delivered to consumers. Rapid take-up of fast broadband connections by consumers means

⁴⁵ <http://news.becta.org.uk/display.cfm?resID=42308>

⁴⁶ <http://stakeholders.ofcom.org.uk/market-data-research/tv-research/lrmuk/>

⁴⁷ <http://www.london-se1.co.uk/>

⁴⁸ <http://parwich.org/>

⁴⁹ <http://www.sheffieldforum.co.uk/>

⁵⁰ <http://www.birminghamitsnotshit.co.uk/>

⁵¹ <http://www.digitalbirmingham.co.uk/blog/4ip-projects-announced>

⁵² <http://talkaboutlocal.org.uk/>

⁵³ <http://www.guardian.co.uk/help/insideguardian/2010/jan/28/guardian-local-beatbloggers-recruited>

⁵⁴ <http://www.gazettelive.co.uk/gazette-communities/>

⁵⁵ <http://www.kingscrossenvironment.com/>

⁵⁶ <http://spitalfieldslife.com/>

⁵⁷ <http://pitsnpots.co.uk/>

⁵⁸ <http://ventnorblog.com/>

⁵⁹ <http://www.guardian.co.uk/local/2010/apr/19/talk-about-local-unconference-award-winners>

⁶⁰ http://openlylocal.com/hyperlocal_sites

that the majority of households can now receive content in this way (though by no means all do). In recent years the internet has had a significant impact on how content can be consumed. For example:

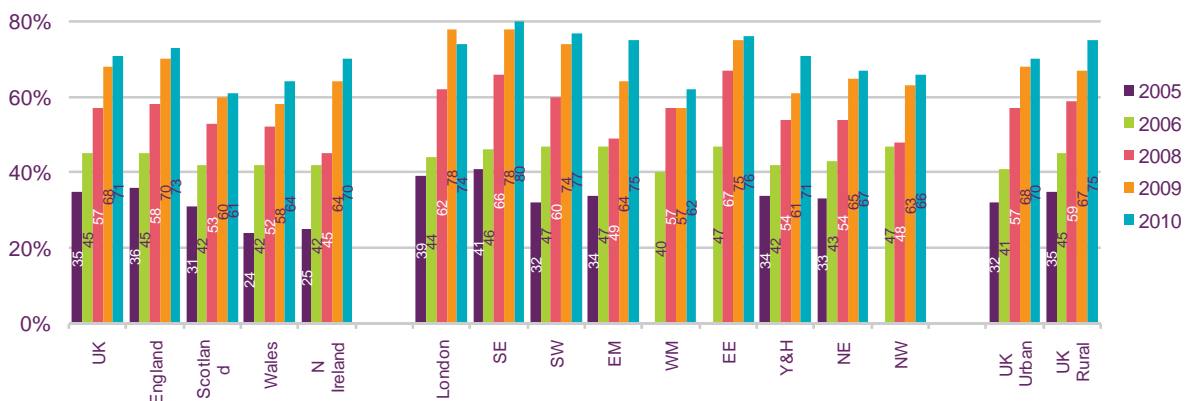
- it allows **existing services** such as some government services, banking and other information services to be delivered to citizens and consumers online; and
- it has allowed **new, specifically internet-based forms of content** to emerge (such as social networking sites, blogs and other user-generated content).

At 73%, broadband take-up continues to be higher in England than in the other nations of the UK

England continues to have the highest levels of internet (75%) and broadband (73%) ownership among the UK's four nations. Broadband take-up increased by three percentage points between Q1 2009 and Q1 2010, which is likely to be the result of an increase in take-up of mobile broadband (see Figure 4.1).

In England, broadband penetration is highest in the South East (80%) and lowest in the West Midlands (62%). Take-up is higher in rural areas than in urban areas, with rural areas five percentage points ahead, at 75%.

Figure 4.1 Broadband take-up trend, 2005-2010



Source: Ofcom research, Q1 2010

Base: All adults aged 15+ (n = 9013 UK, 5709 England, 1468 Scotland, 1075 Wales, 761 Northern Ireland)

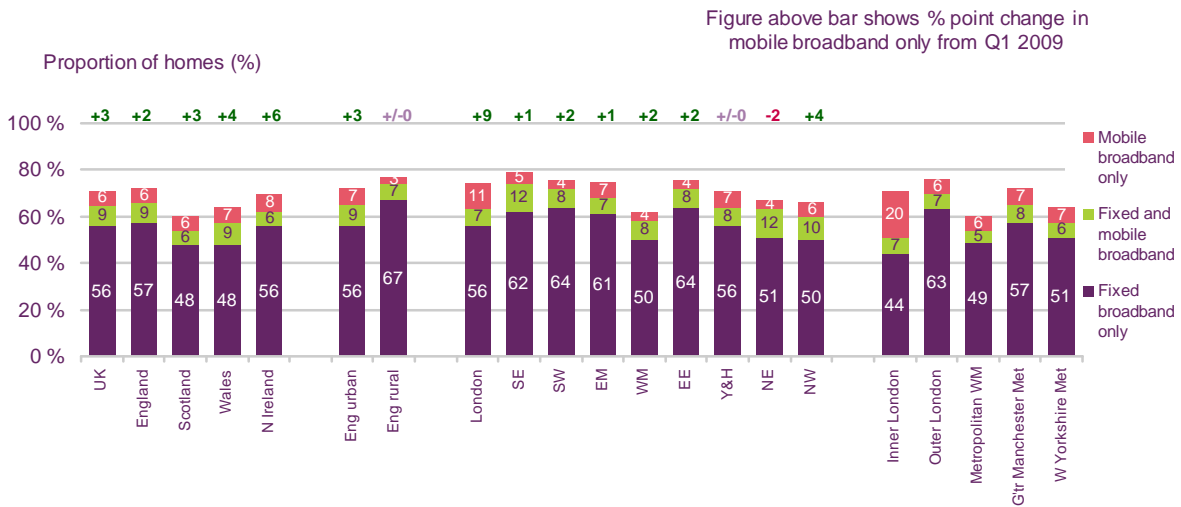
Note: includes households with a fixed-line and/or a mobile broadband connection

QE9. Which of these methods does your household use to connect to the internet at home?

In Q1 2010, 15% of households in England claimed to access the internet via mobile broadband (Figure 4.2). Nearly two-thirds of mobile broadband users also had a fixed-line broadband connection at home, but 6% of households used mobile broadband as their only means of accessing the internet.

There was higher take-up of mobile internet in urban (16%) than in rural (10%) areas, with London and the South East having the highest proportion of mobile broadband connections (18% and 17% respectively). Take-up is even higher in inner London, rising to 27% of households with a mobile broadband connection.

Figure 4.2 Internet take-up



Source: Ofcom research, Q1 2010

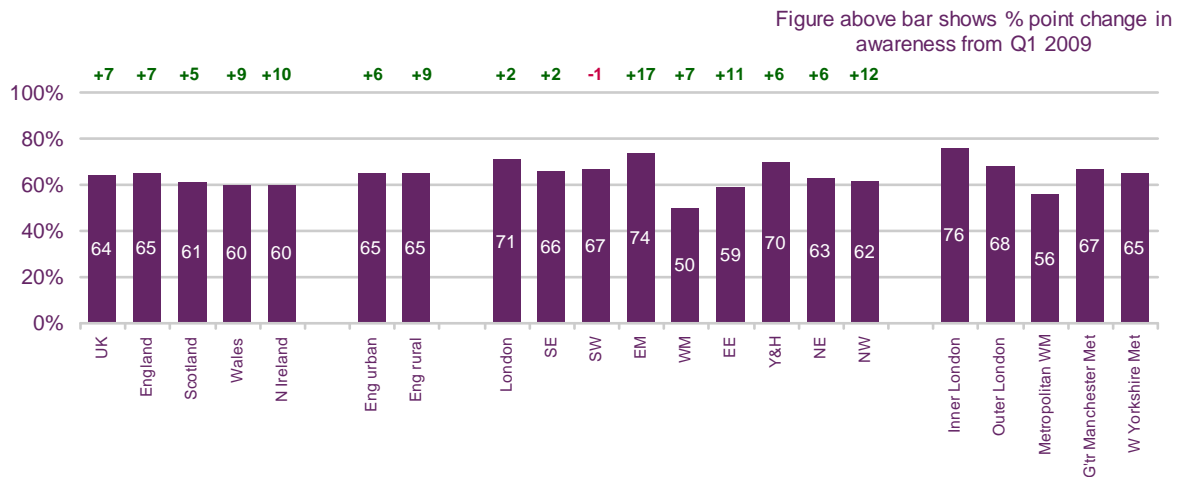
Base: All adults aged 15+ (n = 9013 UK, 5709 England, 1468 Scotland, 1075 Wales, 761 Northern Ireland)

QE9. Which of these methods does your household use to connect to the internet at home?

Three-quarters of people in inner London are aware of mobile broadband

Awareness of mobile broadband has increased across all the nations since Q1 2009 and was highest in England, increasing by seven percentage points to 65%. Across the regions, levels of awareness were higher in the East Midlands (74%) and London (71%), and were particularly high in inner London (76%). Awareness was lowest in the West Midlands (50%).

Figure 4.3 Awareness of mobile broadband



Source: Ofcom research, Q1 2010

Base: All adults aged 15+ (n = 9013 UK, 5709 England, 1468 Scotland, 1075 Wales, 761 Northern Ireland)

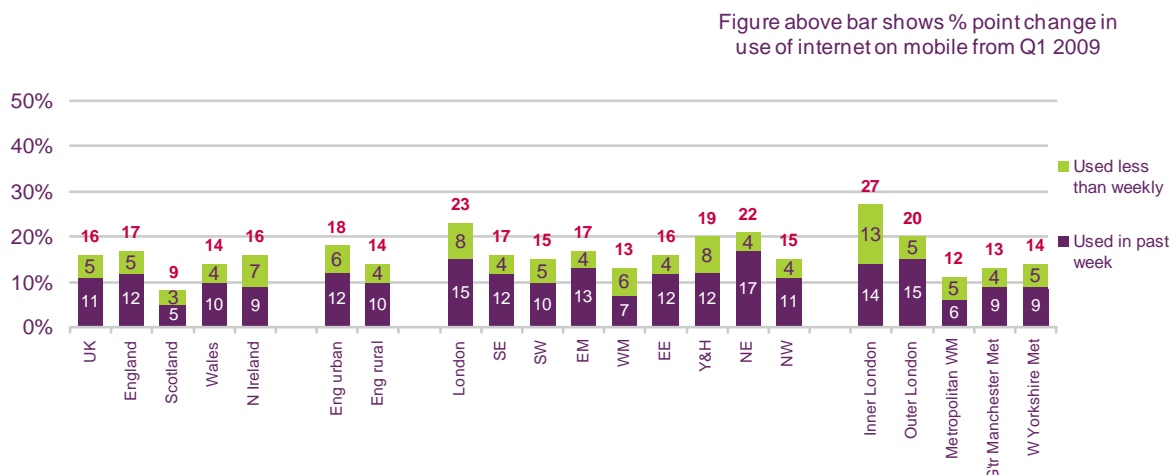
QE21. Before now, were you aware that you can access broadband services on your PC or laptop by using a mobile network?

Internet use via mobile phones has reduced, particularly in London and the South East

One in six (17%) of adults in England accessed the internet via a mobile phone in Q1 2010. This is similar to levels in Northern Ireland (16%) and Wales (14%) but almost double the

level in Scotland (9%). The highest use of mobile internet services was in London (23%) and the North East (22%). Adults in inner London were more likely to access the internet via a mobile than those in outer London, which is likely to be due to lower levels of fixed broadband take-up (see Figure 4.2). It may also relate to the relatively large transient population of inner London.

Figure 4.4 Proportion of adults who have used a mobile phone to access the internet



Source: Ofcom research, Q1 2010

Base: All adults aged 15+ (n = 9013 UK, 5709 England, 1468 Scotland, 1075 Wales, 761 Northern Ireland)

QD28. Which, if any, of the following activities, other than making and receiving calls, do you use your mobile for?

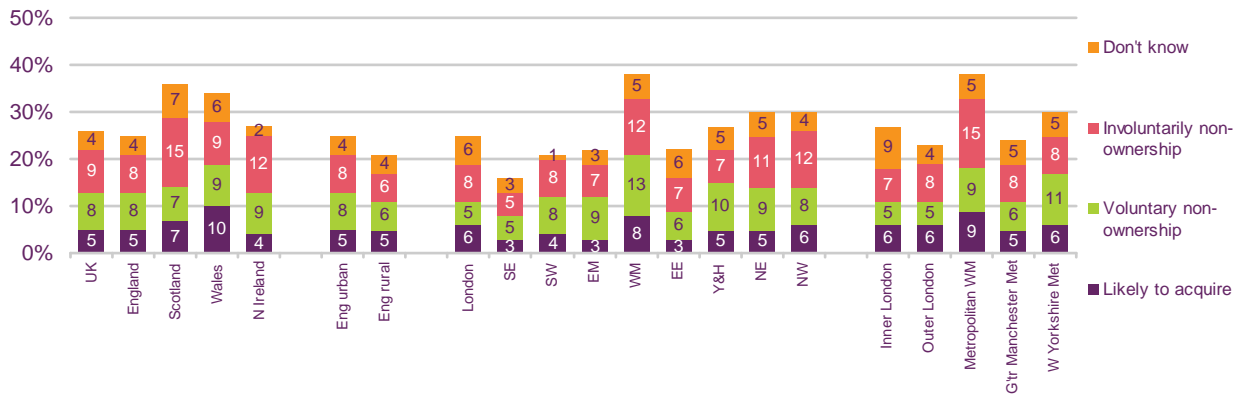
Non-ownership of broadband

There are many reasons for not having the internet, and these fall into two broad categories: voluntary and involuntary. Voluntary non-ownership is where potential consumers do without services because they perceive they do not need them, or because they are satisfied with alternative services. Involuntary non-ownership is where potential consumers do without services, but not through choice; this is mainly due to affordability or lack of availability. In the following analysis, where consumers gave multiple responses which fell into both categories, these have been reported as 'involuntary'.

Less than one in ten (8%) adults in England said that they did not have internet access at home for involuntary reasons, and England was the nation least likely to state involuntary reasons for non-ownership.

Within England, the West Midlands metropolitan area had the highest proportion of people saying they did not have internet access at home for involuntary reasons (15%). The lowest proportion of people claiming this was in the South East region, at 5%.

Figure 4.5 Households without an internet connection



Source: Ofcom research, Q1 2010

Base: All adults aged 15+ (n = 9013 UK, 5709 England, 1468 Scotland, 1075 Wales, 761 Northern Ireland)

QE24. How likely is it that your household will get internet access at home in the next 12 months?

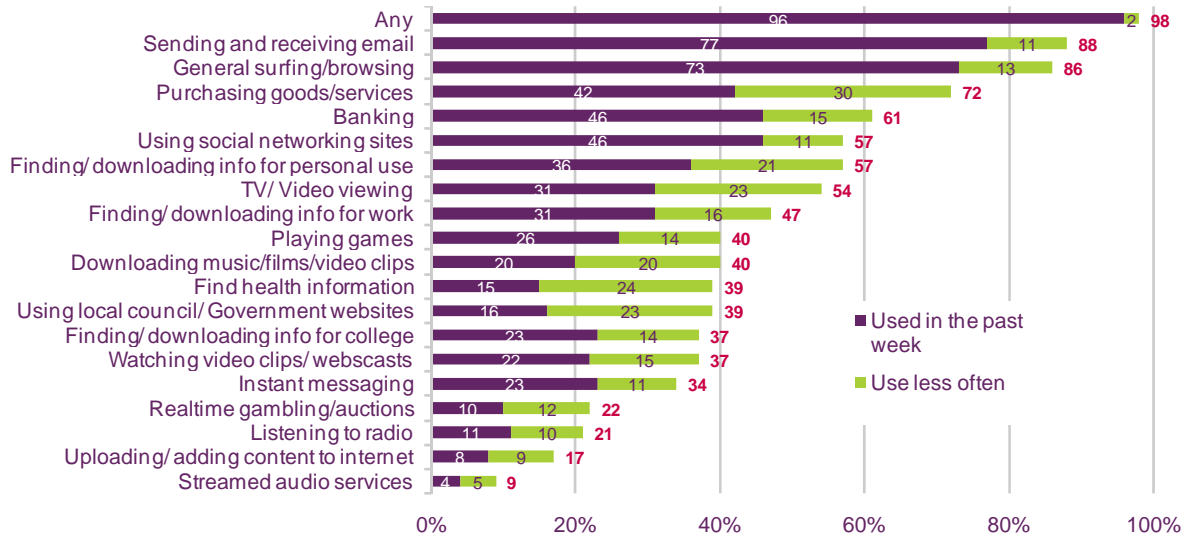
QE25. Why are you unlikely to get internet access at home in the next 12 months?

4.1.3 Regional use of the internet to access services

Use of internet applications

The internet is used for a range of activities and tasks. In England the most popular uses were sending and receiving email and general surfing/browsing, with three-quarters of adults using the internet at least weekly for these activities. Purchasing goods or services is also popular; 72% of adults use the internet for this purpose.

Figure 4.6 Use of online applications among broadband users in England



Source: Ofcom research, Q1 2010

Base: All adults aged 15+ with broadband internet at home (n= 3898 England)

QE5. Which, if any, of these do you or members of your household use the internet for while at home?

Increasingly, people with a broadband connection are going online to access and engage in traditional 'offline' services and activities. Accessing services and content in this way has the potential to bring real benefits in terms of time, functionality and cost to citizens and consumers. For the first time in this report, we are presenting some of the findings of our

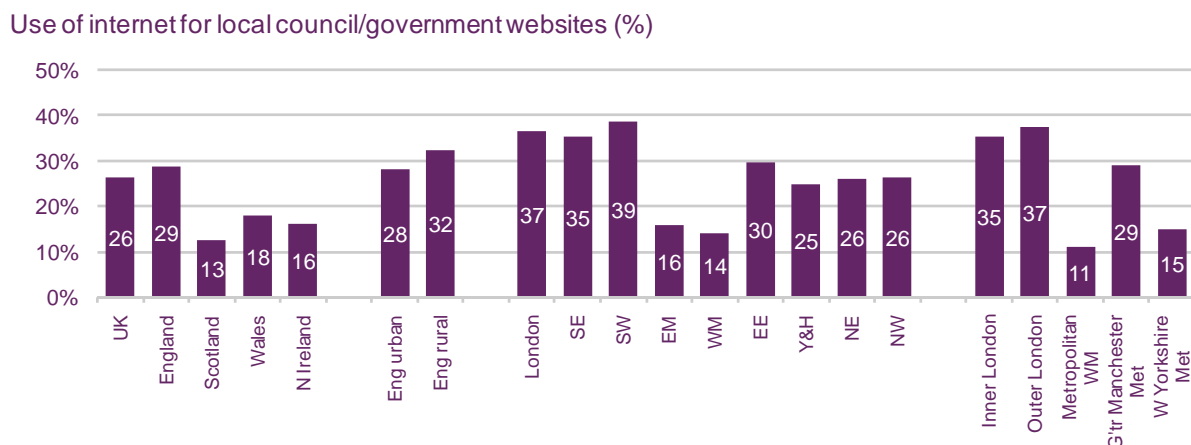
consumer research into three of these topics: accessing government services, online banking, and accessing information on health-related issues.

Three in ten people in England access government and council services online

Almost all local, regional and central government departments, agencies, executives and bodies have an online presence. And as well as information, services such as driving licence renewal are increasingly being delivered online. Looking at the regional coverage (or proportion of unique online persons) of government websites is one way of assessing engagement with these services in the nations and regions.

Ofcom research shows that across the UK, 26% of adults with internet access at home visited a government or local council website in Q1 2010. In Wales the figure stood at 18%; below the UK average but higher than the figures for Northern Ireland (16%) and Scotland (13%). England had the highest figure for any UK nation, with 29% of people claiming to use the internet to access government services. Within England, coverage varied widely from 11% in the metropolitan West Midlands to 37% in outer London.

Figure 4.7 Use of the internet to access local council/government websites



QE5A-B. Which, if any, of these do you or members of your household use the internet for whilst at home?

Source: Ofcom research, Q1 2010

Base: Adults aged 15+ with access to the internet at home (n= 9013 UK, 5709 England, 1468 Scotland, 1075 Wales, 761 Northern Ireland)

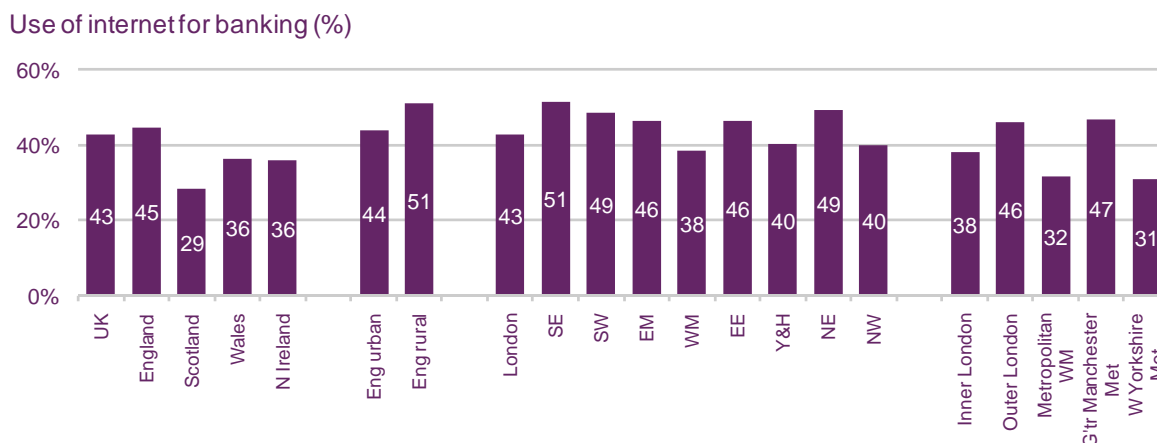
Half of all people in rural areas use the internet for online banking

Online banking allows people to manage their money from the comfort of their own homes, and among other things, allows them to check balances, pay bills, open accounts and transfer money.

Our research shows that across the UK, four in ten (43%) people visited a banking website in the first quarter of 2010. Use of these sites was highest in England (45%) followed by Wales and Northern Ireland (both 36%) and Scotland (29%). In England use of online banking was lowest in the West Yorkshire metropolitan area (31%), and highest in the South East (51%). Use of online banking was higher in rural areas (51%) than in urban areas (44%). This may reflect the fact that people in urban areas have easier access to a high street branch.

These data suggest that around half of internet users are not using online banking regularly. This is likely to be for a number of reasons including concerns about security, and the fact that under-18s are less likely to have a bank account.

Figure 4.8 Use of the internet to access online banking websites



QE5A-B. Which, if any, of these do you or members of your household use the internet for whilst at home?

Source: Ofcom research, Q1 2010

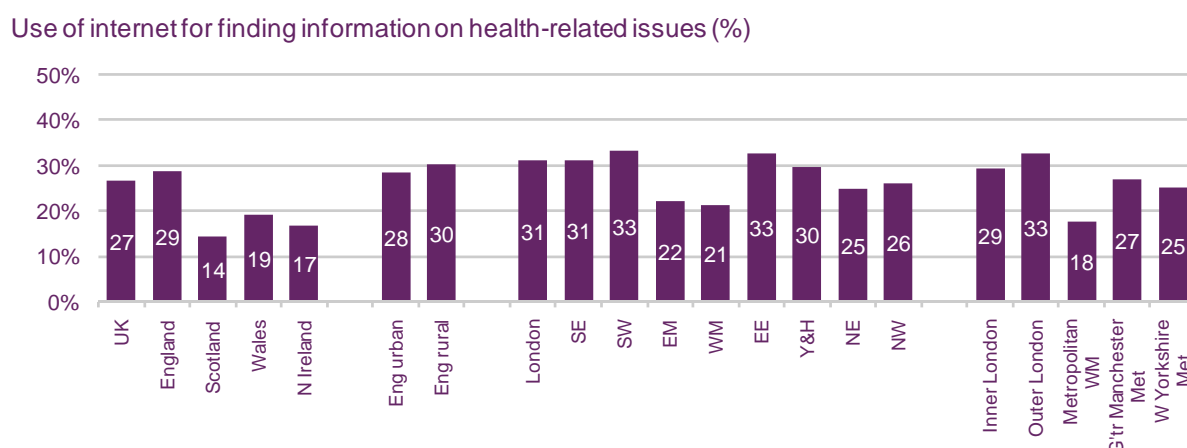
Base: Adults aged 15+ with access to the internet at home (n= 9013 UK, 5709 England, 1468 Scotland, 1075 Wales, 761 Northern Ireland)

Using the internet to access health-related information is most popular in England

The internet has also had an impact on how people can find out more about a wide range of health issues. It allows those organisations (whether the NHS, private health providers or otherwise) that offer information and support a way to reach their target audience easily and cheaply; it also opens up to individuals a vast array of information on almost any health issue. This brings both advantages and disadvantages. For instance, during the swine flu outbreak, people could access advice through portals like *Direct.gov* and *NHS Choices*, which may have helped to keep infectious individuals away from surgeries. But the sheer amount of information on the internet has also raised concerns about inaccuracies and incorrect self-diagnosis.

Twenty-seven per cent of adults in the UK claimed to use the internet to find information relating to health issues. This figure varied from 14% in Scotland to 29% in England. Within England, the proportion of people using the internet for this purpose ranged from 18% in the metropolitan West Midlands to 33% in the South West, East of England and outer London areas. There was no significant difference between rural and urban areas.

Figure 4.9 Use of the internet to find information on health-related issues



QE5A-B. Which, if any, of these do you or members of your household use the internet for whilst at home?

Source: Ofcom research, Q1 2010

Base: Adults aged 15+ with access to the internet at home (n= 9013 UK, 5709 England, 1468 Scotland, 1075 Wales, 761 Northern Ireland)

4.1.4 Social networking

42% of households in England use social networking sites

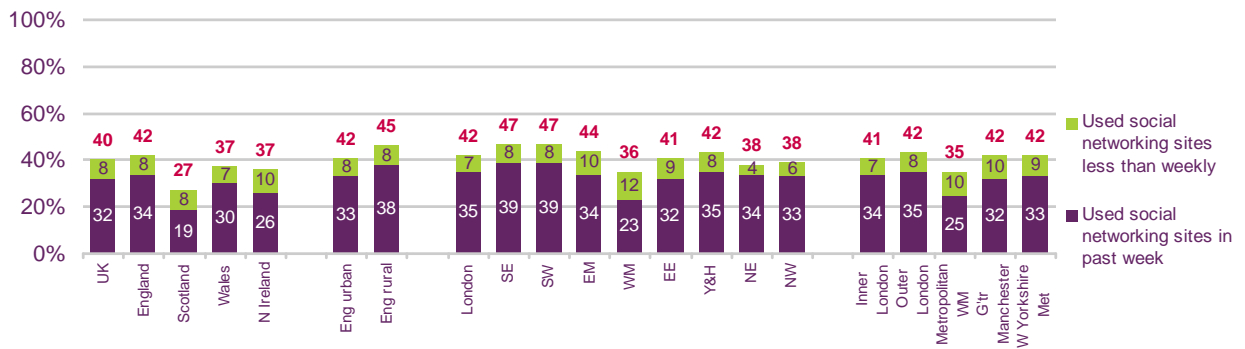
Social networking sites (SNS) are websites such as Facebook and MySpace on which users can create their own profiles using text, graphics and photos, join groups of people with common interests and send messages to other site members.

Use of SNS has continued to grow across the UK, and is closely linked to changes in broadband penetration. In England, two in five adults (42%) live in a household that uses the internet for this activity and a third (34%) reported having used social networking sites in the past week. Across the nations, use of SNS was lowest in Scotland (27%).

Since Q1 2009, use has increased faster in rural areas (an increase of 19 percentage points to 45%) than in urban areas (an increase of ten percentage points to 42%), driven by higher broadband penetration. Rural areas now have higher levels of SNS use than urban areas. Across the English regions, use is highest in the South East and South West (both 47%) and lowest in the West Midlands (36%).

Our UK report shows that Facebook is the most popular SNS by some distance, and is likely to be responsible for much of the growth found in our research. All major SNS are now optimised for mobile phones, and it is likely that this will be an area of future growth, particularly as smartphones become more widespread.

Figure 4.10 Frequency of use of social networking sites



Source: Ofcom research, Q1 2010

Base: All adults aged 15+ (n = 9013 UK, 5709 England, 1468 Scotland, 1075 Wales, 761 Northern Ireland)

QE5A-B. Which, if any, of these do you or members of your household use the internet for whilst at home?/ And, which, if any, of these activities have you or members of your household used the internet for in the last week?



The Communications Market in England

5 Telecoms and networks

5.1 Telecoms and networks

5.1.1 Recent developments in England

National next-generation roll-out, products and services

The past 12 months have seen considerable activity surrounding next-generation networks. BT has made a number of announcements⁶¹ in areas⁶² where it plans to roll out super-fast broadband services, either via fibre-to-the-cabinet, or fibre-to-the-premises. It had previously announced that it intends to invest up to £1.5bn in order to deliver super-fast broadband to 10 million lines - about 40% of the BT network - by mid-2012. In May 2010 BT announced an extension to these plans, whereby it intends to roll out super-fast broadband to 66% of its network by 2015, with an additional investment of £1bn.

Across the UK, BT now expects to make fibre-based broadband available to 4 million premises by the end of 2010.⁶³ It has said that it will focus initially on next-generation investment on densely populated areas, as these are the places where the company believes that the return on its investment will be highest.

In December 2008 cable operator Virgin Media became the first UK network provider to offer speeds of up to 50Mbit/s; this was available across its entire network by July 2009⁶⁴. By the end of the first quarter of 2010 the company reported 57,900 50Mbit/s subscribers, up by 40% compared to the fourth quarter of 2009.⁶⁵ At the same time, it announced plans to roll out a 100Mbit/s service by the end of the year, and to continue trialling a 200Mbit/s downstream / 20Mb upstream service.⁶⁶ A trial is also under way using telegraph poles⁶⁷ to bring 'up to 50Mbit/s' broadband to consumers who live beyond the reach of Virgin's existing fibre optic network.

Regional networks

NorthernNet⁶⁸, a secure high-speed digital network offering transfer speeds of up to 1GB/s, is now in use for businesses across the North. NorthernNet is funded by a partnership between the North West Development Agency, Yorkshire Forward and One North East. It is supported by Northern Way (a partnership encompassing the NE, NW and Yorkshire & Humber) and is managed and coordinated by NorthernNet from bases in Newcastle and Salford.

The project is part of a £9.1m investment to develop physical premises - and a high-speed telecommunications network - across the North of England via a number of pay-as-you-go media access Bureaux located throughout the region.

⁶¹ http://regmedia.co.uk/2010/03/30/bt_upgrades.html

⁶² http://www.openreach.co.uk/orpg/products/nga/downloads/FTTC_%20pot_exchs.pdf

⁶³ <http://www.btplc.com/News/Articles/ShowArticle.cfm?ArticleID=FD7AF15E-4B97-4DE1-BBA0-996AE0981AF5>

⁶⁴ <http://pressoffice.virginmedia.com/phoenix.zhtml?c=205406&p=irol-newsArticle&ID=1307695&highlight=>

⁶⁵ <http://investors.virginmedia.com/phoenix.zhtml?c=135485&p=irol-newsArticle&ID=1418904&highlight=>

⁶⁶ <http://phx.corporate-ir.net/External.File?item=UGFyZW50SUQ9NDMwMDN8Q2hpbGRJRDR0tMXxUeXBIPTM=&t=1>

⁶⁷ <http://pressoffice.virginmedia.com/phoenix.zhtml?c=205406&p=irol-newsArticle&ID=1401380&highlight=>

⁶⁸ <http://www.northernnet.co.uk/>

In May 2010, the creative potential of the network was demonstrated during a '4-Hour Film Challenge'⁶⁹ which saw 15 teams, from Newcastle, Liverpool and Leeds, battle it out to make a four-minute film in just four hours. Film makers met at the Tyneside Cinema in Newcastle, the FACT Picturehouse in Liverpool and the Round Foundry Media Centre in Leeds, where they were each given a working title and two professional actors with whom to collaborate. Films were then devised, written, filmed and edited in four hours, before being transmitted to cinemas in each of these three cities, in time for a screening in front of a live audience⁷⁰.

The government's 2009 budget statement included Ministerial approval for 'Digital Region', a £100m project led by Yorkshire Forward that will roll out next-generation broadband to South Yorkshire.⁷¹ Covering the city, towns and villages of Sheffield, Doncaster, Barnsley and Rotherham, the project is anticipated to provide super-fast broadband - including speeds of up to 25Mbit/s – to a population of over 1.3 million people, 546,000 homes and 40,000 businesses.

The project has been driven by a partnership between Yorkshire Forward, Sheffield Council, Barnsley Council, Rotherham Council and Doncaster Council. It also has substantial European funding and support.⁷²

Community broadband

In addition to the large national and regional super-fast broadband initiatives rolled out in England over the past year, a number of smaller scale community-led initiatives are also in place, or are being developed.

The Communications Consumer Panel produced an initial report in January 2009⁷³ looking at many of these different schemes. This report was updated and revised in October 2009.⁷⁴ Both papers demonstrated the range of solutions, schemes and aspirations of the various communities that are seeking to unlock the potential of next-generation networks.

While many community schemes stem from the grass-roots, the South West Regional Development Agency successfully secured £700,000 of EC funding⁷⁵ to support rural community broadband pilot projects. The fund will not cover projects for the region's towns, or Cornwall and the Isles of Scilly, as these are already attracting other funding; instead, the new initiatives are being supported as part of the European Economic Recovery Plan, and will be delivered by the Rural Development Programme for England.

In the East of England the Regional Development Agency, EEDA, has published its NGA Strategy⁷⁶ and is focusing its energies on a new initiative called the Eastern Region Broadband Uplift Scheme (EREBUS)⁷⁷. This seeks to capture demand - and demonstrate the need - for commercial investment in NGA. EEDA is also exploring the possibility of working with a range of public sector funders to reach those rural areas which are unlikely to be reached by commercial providers. This scheme, known as SONGBIRD, (Supporting Open Next Generation Broadband in Rural Districts) will aim to take fibre as deep as

⁶⁹ <http://www.northernnet.co.uk/news/4-hour-film-challenge-11220>

⁷⁰ The winning films are hosted on YouTube at: <http://www.youtube.com/user/4hourfilm>

⁷¹ http://www.hm-treasury.gov.uk/bud_bud09_press01.htm

⁷² <http://www.digitalregion.co.uk/whatisdr.html>

⁷³ <http://www.communicationsconsumerpanel.org.uk/Local%20initiatives%20on%20Next%20Generation%20Access%20in%20the%20UK.pdf>

⁷⁴ <http://www.communicationsconsumerpanel.org.uk/CCP%20Local%20initiatives%20on%20NGA%20in%20UK%20update%20oct092.pdf>

⁷⁵ http://www.southwestrda.org.uk/news_and_events/2009/october/improving_rural_broadband.aspx

⁷⁶ <http://migration.eeda.org.uk/4607.asp>

⁷⁷ <http://www.erebusonline.org.uk/>

possible into the countryside - into areas where the market has no interest in delivering an effective, affordable product.

City networks

The Manchester Digital Development Agency (MDDA), has awarded a contract to Geo to deliver its next-generation fibre-optic broadband project in the Oxford Road area of Manchester.⁷⁸ The initial phase will provide fibre-to-the-premises connectivity to 200 homes and businesses in an area known as 'the Corridor'.⁷⁹

Corridor Manchester is a partnership between Manchester City Council, Manchester Metropolitan University, The University of Manchester and Central Manchester University Hospitals NHS Foundation Trust. It covers an area of 240 hectares stretching from St Peter's Square in the city centre, south along Oxford Road to Whitworth Park.

The NGA project is funded by the North West Regional Development Agency (NWD), with the aspiration that once the first stage has been finished, the fibre optic network will be expanded via metrolink lines. The network will be open access, allowing any service provider to lease the optical fibre from Geo. It is anticipated that the network will offer users an 'up to 100Mbit/s' service.

Rutland Telecom

Residents of three villages in Rutland have established a 'micro telco' – Rutland Telecom - after raising £37,000 to provide faster broadband connections in an area which was not part of the next generation plans of existing operators. Launched on 13th April, Rutland Telecom claimed that this was the first time many residents could watch streaming HD TV, BBC iPlayer and other digital online services. Previously, broadband connections had been too slow for these services to be a reality for most consumers. 11 local people invested £3,000 each to establish the company and village residents pay £30 a month in order to use the voice and broadband services the company offers.

The system, which has seen villagers transferred from a BT to a Rutland Telecom-owned street cabinet, means their voice and data services are delivered from what is effectively a new village mini-telephone exchange. The launch attracted attention from a range of media outlets including the BBC⁸⁰ and the Daily Telegraph⁸¹ as well as specialist press⁸² and the company plans to add Sky TV later this year to the portfolio of services they offer their customers.

Rutland Telecom has since announced that it will use the same technology and business model as in Lyddington for the Welsh 'not-spot' area of Erbistock, near Wrexham, to deliver speeds up to 40Mbps for residents and businesses.

⁷⁸ <http://www.samknows.com/broadband/news/100mbits-fibre-optic-broadband-in-manchester-super-information-corridor-10306.html>

⁷⁹ <http://www.corridormanchester.com/>

⁸⁰ <http://news.bbc.co.uk/1/hi/technology/8619114.stm> / <http://news.bbc.co.uk/1/hi/technology/8618507.stm>

⁸¹ <http://www.telegraph.co.uk/technology/broadband/7586651/First-village-to-get-superfast-broadband.html>

⁸² <http://www.zdnet.co.uk/news/networking/2010/04/15/rutland-villagers-fund-their-own-high-speed-broadband-40088637/> and <http://www.itpro.co.uk/622354/village-builds-its-own-fibre-network-after-bt-says-no>

5.1.2 Availability of telecoms services

Fixed voice telephony and narrowband internet availability

Fixed voice telephony over the public switched telephony network (PSTN) is available to all of the UK population under the universal service obligation (USO) which is provided by BT and Kingston Communications, the incumbent operator in Kingston upon Hull. Under the USO, BT and Kingston Communications are required to provide a connection to the fixed telephony network upon reasonable request, meaning that all households have access to a fixed line, although where installation will cost over £3,400 the customer is required to pay the excess costs (plus the standard connection charge).

A narrowband internet connection is defined as one which has a connection speed of less than 128kbit/s, which is not 'always on' and which does not allow simultaneous voice calls. The USO also includes the provision of a narrowband connection capable of 'functional internet access', i.e. a connection speed of at least 28.8kbit/s.

As the requirements to connect to the internet using a narrowband connection are a standard fixed telephony line, a suitably equipped PC and a narrowband account with an internet service provider, the availability of narrowband internet access is virtually identical to that of fixed telephony services, and there are no significant issues regarding the availability of narrowband internet services in the UK.

Broadband internet availability

Narrowband internet connections have largely been superseded by higher-bandwidth broadband connections, and we estimate that at the end of 2009 around 92% of UK residential internet connections were broadband, compared to 42% five years earlier.

In the UK the two main technologies for supplying broadband internet services are: digital subscriber line (DSL) over a standard copper telephone line connected to a DSL or LLU-enabled local exchange, or via cable modem using a cable provider's hybrid fibre-coaxial network. The first UK fibre deployments are currently being rolled out, although these account for only a small proportion of total UK broadband connections, as do those using satellite and fixed wireless technologies which are typically used in remote areas or to fill coverage not-spots (see the explanation on the next page and page 33).

DSL broadband availability

Over 99.9% of homes in England are connected to a DSL-enabled local exchange but not all of these will be able to receive broadband

As the UK availability of DSL broadband is higher than that of cable-based services, it provides a good proxy for overall broadband availability. At the end of December 2009 over 99.9% of UK households were connected to a DSL-enabled BT local exchange (Figure 5.1), and only 27 of BT's 5,587 local exchanges were not DSL-enabled (down from 28 at the end of 2008).

In England almost all homes were connected to a DSL-enabled local exchange at the end of 2009, a slightly higher proportion than the UK average of 99.98%. Wales and Northern Ireland were the only nations where all local exchanges were DSL-enabled, and Scotland had the lowest proportion of households that were connected to a DSL-enabled exchange. Among the English regions, the South East and East of England were the only areas where less than 100% of exchanges were DSL-enabled.

However, not every household served by a DSL-enabled exchange is able to receive broadband services, or may only be able to do so at low speeds. This is due to factors such as the distance from the exchange, poor network quality and local technicalities. People living in these areas (known as not-spots) will not be able to benefit fully from the rapidly growing number of online services that require higher connection speeds, such as streaming audio-visual content. Not-spots are considered in more depth on page 33 of this report.

Figure 5.1 Proportion of households connected to a DSL-enabled BT exchange



Source: Ofcom / BT, December 2009 data

LLU broadband availability

Under LLU an alternative provider sites its own equipment in the BT (or Kingston Communications) local exchange. This is then connected to the LLU provider's core network and to the end-user's premises using the local loop, which is leased from either BT or Kingston Communications and is used to provide DSL broadband services (and fixed voice services in the case of full LLU). The three main benefits of LLU are:

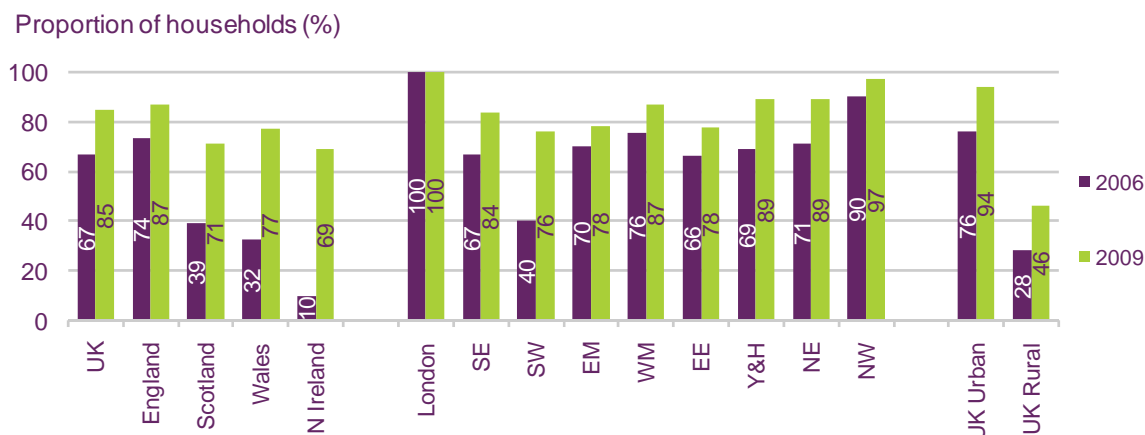
- it allows the LLU provider to take advantage of economies of scale that are not available to it when using wholesale services from BT or Kingston Communications when purchased on a per-unit basis;
- it enables LLU providers to be more innovative with their products and tariffing; and
- it increases the choice of services available to the end-user.

At the end of 2009 LLU-based connections accounted for 35% of all UK non-corporate broadband connections, up from 32% a year previously, and LLU accounted for 90% of net non-corporate broadband additions in 2009.

85% of UK homes are connected to an LLU-enabled local exchange

At the end of December 2009 85% of UK households were connected to an LLU-enabled local exchange (Figure 5.2), less than one percentage point higher than the figure at the end of 2008 and up from 67% three years previously. England had the highest proportion (87%) of households connected to an LLU-enabled exchange, of all the UK nations, at the end of December 2009. This represented a 13 percentage point increase since the end of 2006, the lowest growth among the UK nations over the period.

Figure 5.2 Proportion of households connected to an unbundled exchange, 2006 and 2009



Source: Ofcom / BT, data as at December of each year

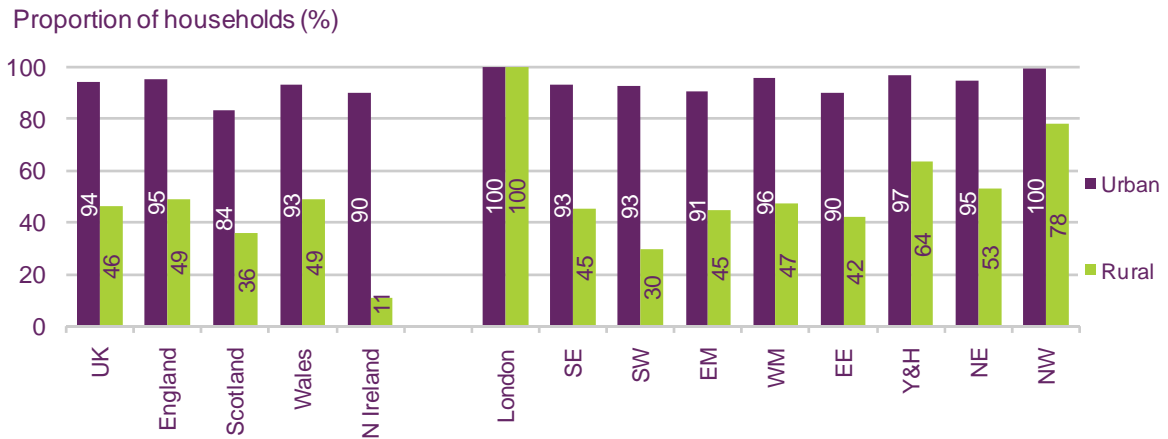
Urban households more than twice as likely as rural ones to be able to access LLU broadband services

The availability of LLU-based DSL broadband services is higher in urban areas than rural ones. This is for two reasons: firstly, LLU deployment is characterised by high up-front costs and low per-unit costs, so operators have targeted exchanges with a large number of delivery points (which tend to be in urban areas). Secondly, because the maximum distance over which LLU broadband equipment can be backhauled to an operators' core network is approximately 40km (around 25 miles). The effect of this can be seen in Figure 5.3, which shows that at the end of December 2009 homes in urban areas were more than twice as likely as those in rural ones to be able to get LLU-based broadband services, with 94% of urban UK homes being in an unbundled area, compared to 46% in rural areas.

The availability of LLU broadband services is higher in urban than in rural areas in all of the UK's nations and regions with the exception of London. The analysis used in this report designates an exchange area as being urban or rural according to where the exchange is sited, and in some cases this designation will differ from that of the area covered by the exchange. This is why several urban areas of London are classed as being rural in our analysis.

Among the UK nations, the proportion of urban homes connected to an LLU-enabled exchange ranged from 84% in Scotland to 95% in England, while in rural areas the proportion was lowest in Northern Ireland at 11% and highest in England and Wales at 49%. In the English regions urban LLU availability was 100% in London and the North West, as was rural LLU availability in London. Urban LLU availability was lowest in the East of England (90%), and rural availability lowest in the South West (30%).

Figure 5.3 Proportion of households in urban and rural areas connected to an unbundled exchange

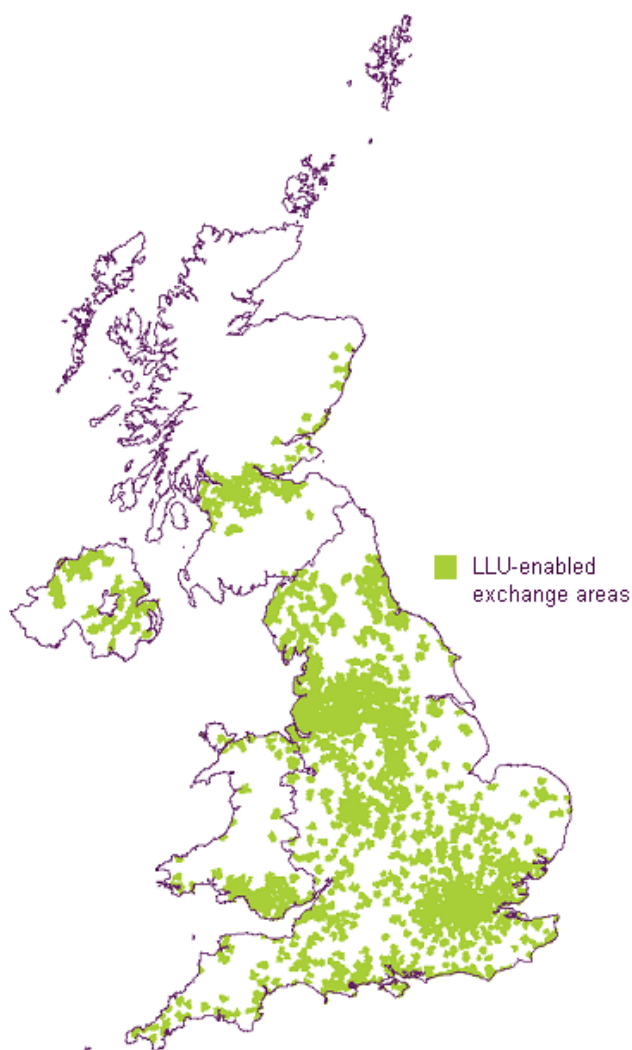


Source: Ofcom / BT, December 2009 data

Map of LLU DSL availability reflects higher availability in urban areas

The map in Figure 5.4 shows that the areas served by unbundled local exchanges tend to be in urban locations.

Figure 5.4 Map showing areas served by unbundled local exchanges



Source: Ofcom / BT, September 2009 data

Cable broadband availability

England had the highest cable broadband availability among the UK nations at the end of 2009

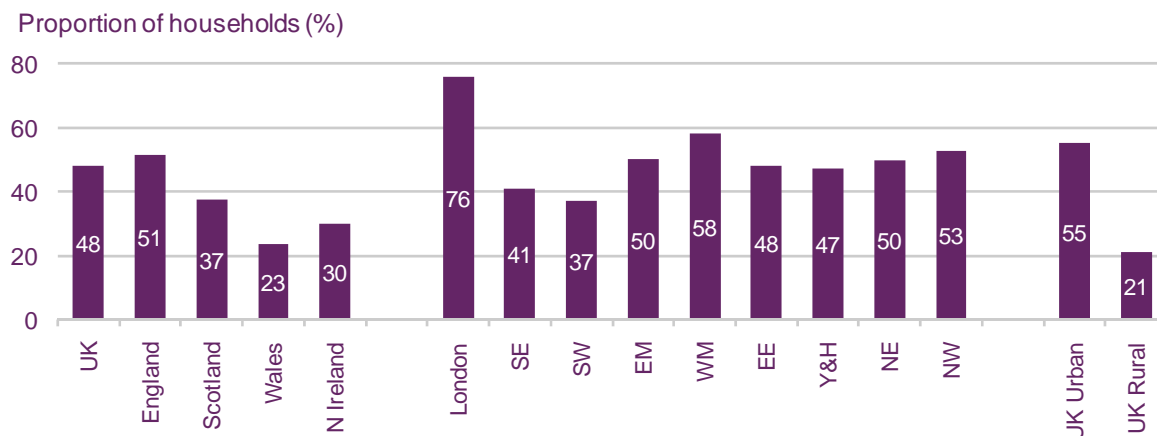
Just under half of all UK households (48%) were passed by Virgin Media's broadband-enabled cable network at the end of December 2009 (Figure 5.5). This figure has remained relatively stable over the past few years, as the high costs related to cable network roll-out have meant that Virgin Media has concentrated its efforts on upgrades to its existing network and increasing take-up in cabled areas. However, it is investing £100m on expanding its network to a further 500,000 homes and has announced⁸³ that it is to trial delivering broadband services over telegraph poles, having identified more than a million UK homes that could benefit from such deployments.

Among the UK nations, England had the highest proportion of homes passed by Virgin Media's broadband network at the end of 2009, at 51%, while the proportion was lowest in Wales at 23%. A trial of Virgin Media's future network roll-out using telegraph poles is taking

⁸³ <http://pressoffice.virginmedia.com/phoenix.zhtml?c=205406&p=irol-newsArticle&ID=1401380&highlight=>

place in Woolhampton in Berkshire⁸⁴. Among the English regions the proportion of homes passed by Virgin Media's cable broadband network ranges from 37% in the South West to 76% in London.

Figure 5.5 Proportion of households passed by Virgin Media broadband



Source: Ofcom / Virgin Media, December 2009 data

England has the highest proportion of both urban and rural homes passed by Virgin Media's cable broadband network

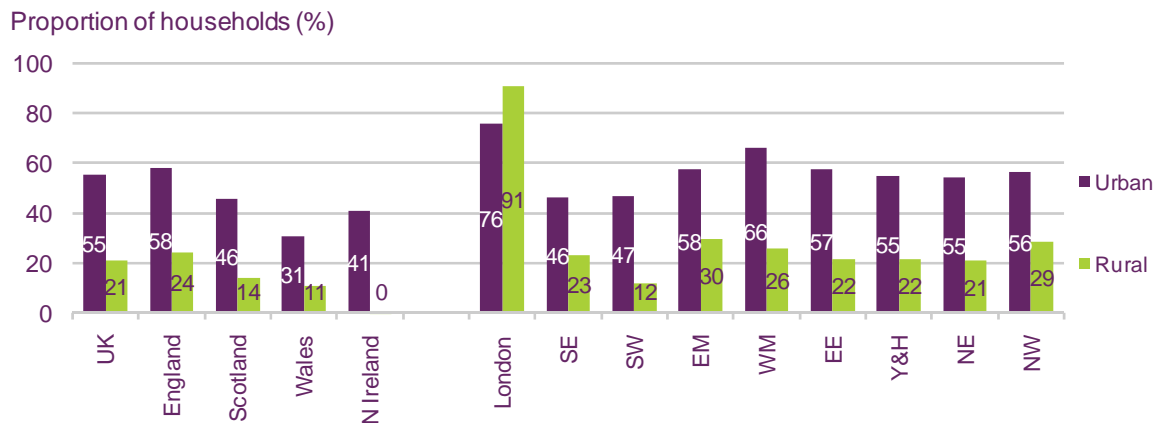
The majority of cable network roll-out in the UK took place in the 1980s and 1990s and was concentrated in urban areas in order to maximise the number of homes and businesses covered, and therefore turnover, for the operator's network spend. This is reflected in Figure 5.6, which shows that while 55% of UK households in urban areas were passed by Virgin Media's broadband network at the end of 2009, it passed only 21% of those in rural areas.

In all of the UK nations and regions except London, broadband availability was higher in urban areas than rural areas (for the data categorisation reasons identified previously).

Among the UK nations, the proportion of urban households passed by Virgin Media's cable broadband network was highest at 58% in England and lowest at 31% in Wales. Similarly, the proportion in rural areas ranges from 24% in England to 0% in Northern Ireland. Among the English regions both urban and rural household cable broadband availability were highest in London at 76% and 91% respectively, while urban availability was lowest in the South East at 46% and rural in the South West at 12%.

⁸⁴ <http://pressoffice.virginmedia.com/phoenix.zhtml?c=205406&p=irol-newsArticle&ID=1401380&highlight=>

Figure 5.6 Proportion of households in urban and rural areas passed by Virgin Media broadband

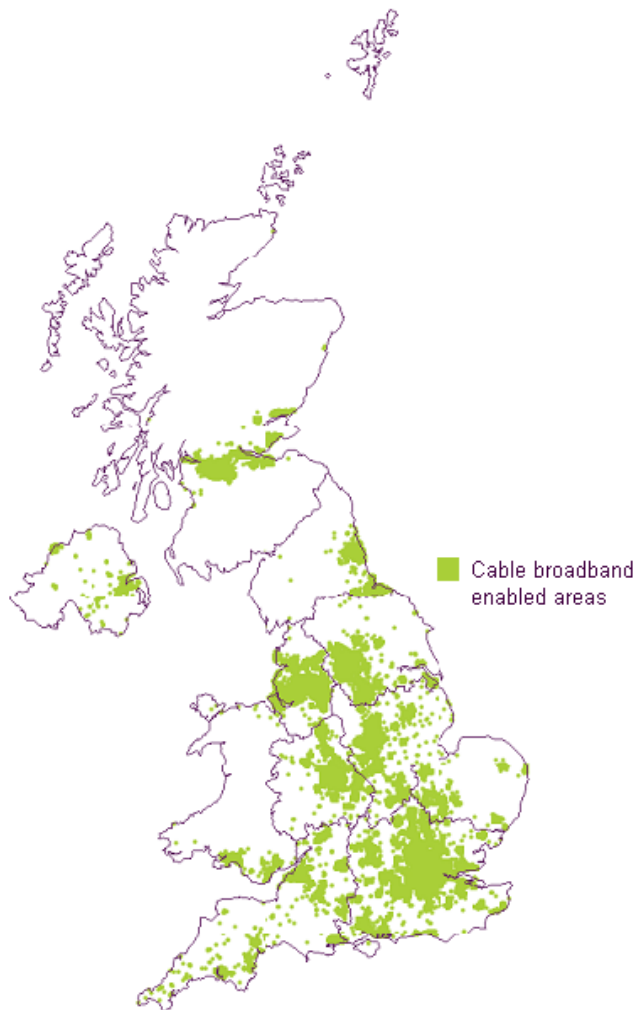


Source: Ofcom / Virgin Media, December 2009 data

As with LLU DSL, cable broadband availability is concentrated in urban areas

Similarly, the map in Figure 5.7 below shows that cable availability is concentrated in urban areas.

Figure 5.7 Map of the availability of Virgin Media cable broadband



Source: Ofcom / Virgin Media, September 2009 data

Mobile

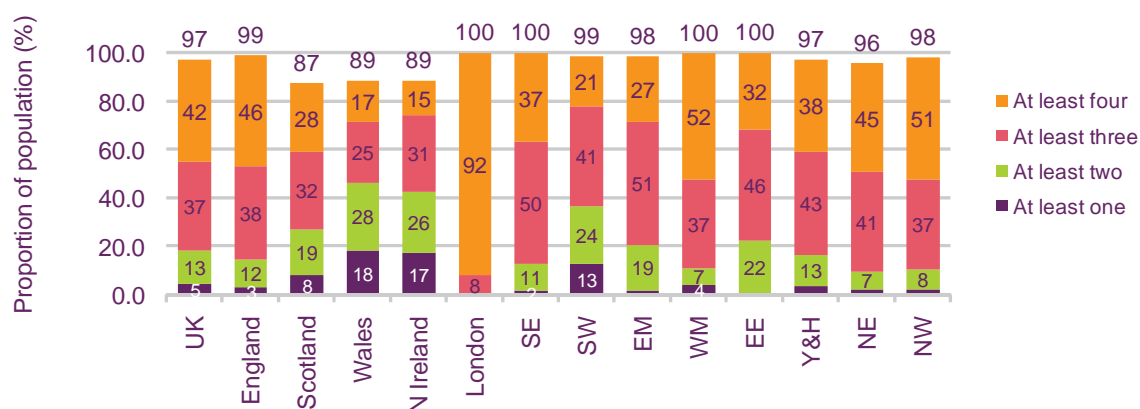
2G

As discussed in our coverage of not-spots (page 33) we evaluate the availability of mobile telephony across the UK by examining the number of mobile networks with second-generation (2G) and third-generation (3G) coverage in each postcode district.

Figure 5.8 shows that 99% of the population in England lived in a postcode district with at least 90% 3G area coverage from one or more of the mobile networks in Q2 2010. This is higher than the UK overall (97%), Northern Ireland (89%), Wales (89%) and Scotland (87%).

Within those areas in England that have at least 90% coverage, nearly half (46%) have the choice of at least four operators providing area coverage above the threshold, while only 15% are limited to one or two operators.

Figure 5.8 2G mobile phone population coverage, by number of operators



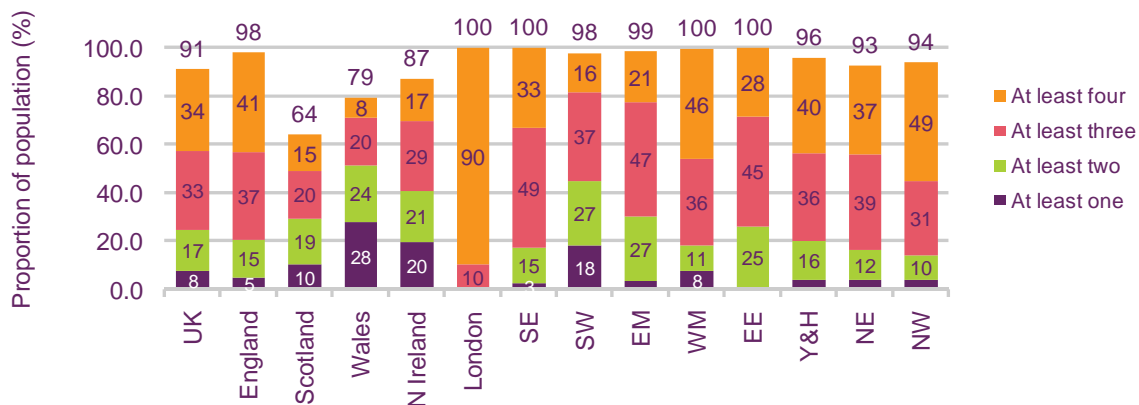
Source: Ofcom/ GSM Association / Europa Technologies; Q2 2010

Note: Figures show the percentage of population within postcode districts where at least one, two, three, four or five operators had at least 90% 2G area coverage; data not directly comparable to those published in the 2009 report.

Figure 5.9 shows the geographic coverage of 2G services (using the same 90% area coverage threshold) with 98% of postcode districts within England covered by one or more mobile networks; one percentage point lower than population coverage. England had the highest geographic coverage among the nations, above Northern Ireland (87%), Wales (79%) and Scotland (64%).

One in five postcode districts with 90% area coverage in England were served by only one or two providers, with 80% receiving 2G area coverage from three or four providers.

Figure 5.9 2G mobile phone geographic coverage, by number of operators



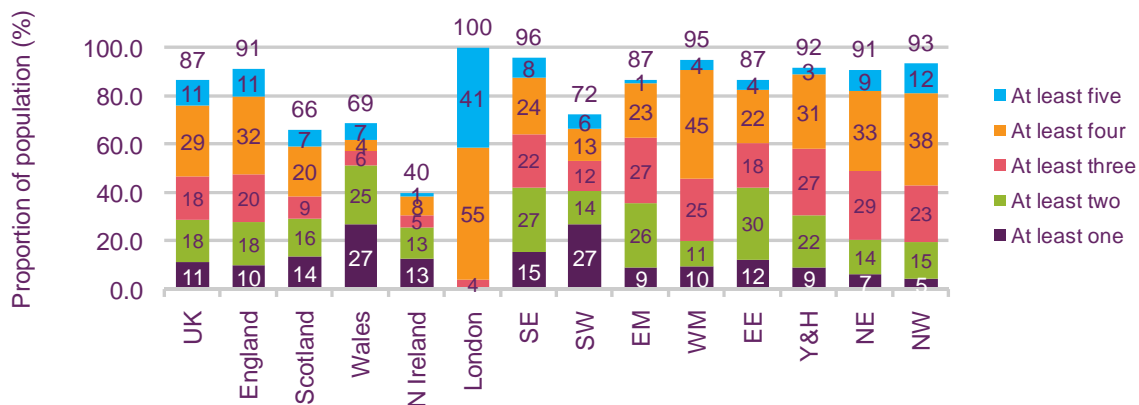
Source: Ofcom/ GSM Association / Europa Technologies; Q2 2010

Note: Figures show the percentage of postcode districts where at least one, two, three, four or five operators had at least 90% 2G area coverage; data not directly comparable to those published in the 2009 report.

3G

Figure 5.10 shows that 91% of the population in England lived in a postcode district with at least 90% 3G area coverage from one or more of the mobile networks in Q2 2010; higher than Wales (69%), Scotland (66%) and Northern Ireland (40%). Just under one-third (31%) of those covered in England were limited to one or two providers exceeding the threshold, while the remainder were living in an area where three or more providers offered 90% 3G area coverage.

Figure 5.10 3G mobile phone population coverage, by number of operators



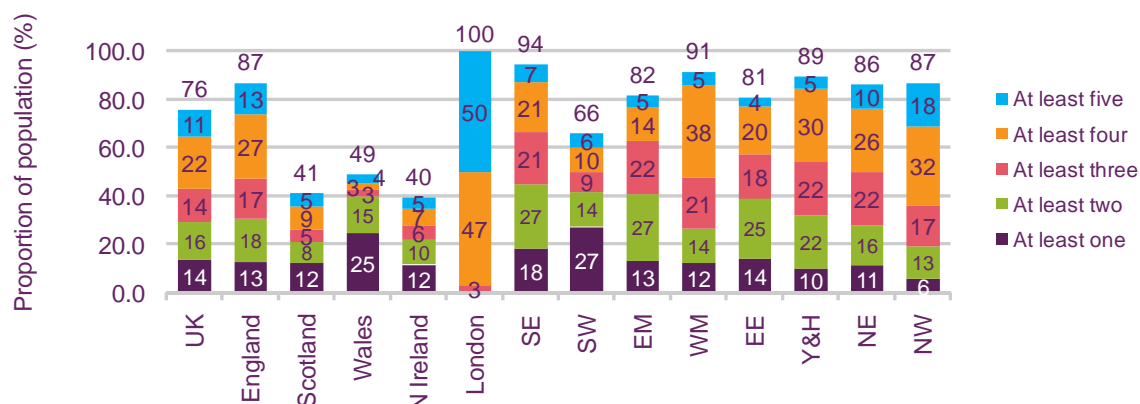
Source: Ofcom/ GSM Association / Europa Technologies; Q2 2010

Note: Figures show the percentage of population within postcode districts where at least one, two, three, four or five operators had at least 90% 3G area coverage; data not directly comparable to those published in the 2009 report.

Figure 5.11 shows the geographic coverage of 3G services by one or more mobile networks above the 90% threshold. Eighty-seven per cent of postcode districts in England had 3G area coverage from one or more mobile networks, higher than the UK overall (76%), Wales (49%), Scotland (41%) and Northern Ireland (40%).

Only 15% of the covered districts in England had 3G coverage at a 90% area threshold from just one 3G network, while just under a half (46%) had coverage from four operators or more.

Figure 5.11 3G mobile phone geographic coverage, by number of operators



Source: Ofcom/ GSM Association / Europa Technologies; Q2 2010

Note: Figures show the percentage of postcode districts where at least one, two, three, four or five operators had at least 90% 3G area coverage; data not directly comparable to those published in the 2009 report.

5.1.3 Service take-up

Overall, England had some of the highest levels of communications service ownership across the UK. Ninety per cent of people in England used a mobile phone themselves (comparable to Wales and Northern Ireland, but lower than in Scotland). Seventy-five per cent had internet access and 73% had a broadband connection, with 15% using mobile broadband and 66% using fixed broadband (Figure 5.12).

Households in rural areas were more likely than those in urban areas to have a fixed-line telephone (eight percentage points higher than urban areas, at 93%), and to have a higher level of fixed broadband take-up (nine percentage points higher, at 74%). However, adults in urban areas were more likely to have mobile broadband access (16% in urban areas compared to 10% in rural areas); this is more likely to be their only means of accessing the internet, particularly in London.

While some of the differences in take-up may be attributed to availability (for example, mobile broadband availability is higher in urban than in rural areas), the different socio-demographic profiles of urban and rural areas are the major driver of variations in take-up. Households in urban areas are more likely to fall into the DE social group than those in rural areas, are more likely to fall into the lowest income bands, are over-represented among areas of medium and high deprivation and are, on average, younger. Among the regions, the South East had the highest levels of PC, internet and broadband penetration, while the West Midlands showed lower than average service take-up in these areas. Mobile penetration was highest in London, East Midlands and East of England (at 92%), compared to 85% in the West Midlands.

Figure 5.12 Take-up of communications services, by nation and region, 2009

		UK	England	Scotland	Wales	N Ireland	Eng urban	Eng rural	London	SE	SW	EM	WM	EE	Y&H	NE	NE
Individual																	
Voice telephony	Fixed Line	85%	86%	79%	79%	81%	85%	93%	84%	92%	90%	85%	83%	92%	84%	82%	82%
	Mobile	89%	90%	85%	89%	88%	90%	91%	92%	90%	89%	92%	85%	92%	91%	87%	88%
Internet	PC	76%	77%	66%	70%	75%	76%	83%	79%	84%	82%	78%	65%	81%	75%	71%	70%
	Total Internet	73%	75%	64%	66%	73%	74%	79%	75%	83%	79%	77%	62%	77%	73%	69%	69%
	Broadband (fixed and mobile)	71%	73%	61%	64%	70%	72%	78%	74%	80%	77%	75%	62%	76%	71%	67%	66%
	Fixed Broadband	65%	66%	54%	57%	62%	65%	74%	63%	74%	72%	69%	58%	72%	64%	63%	60%
	Mobile Broadband	15%	15%	12%	16%	14%	16%	10%	19%	18%	13%	14%	12%	12%	15%	15%	16%

Source: Ofcom research, Q1 2010

Base: All adults aged 15+ (n = 9013 UK, 5709 England, 1468 Scotland, 1075 Wales, 761 Northern Ireland)

Figure 5.13 Take-up of communications services within region, 2009

		England	Inner London	Outer London	Metropolitan WM	G'tr Manchester Met	W Yorkshire Met
Individual							
Voice telephony	Fixed Line	86%	79%	87%	76%	83%	80%
	Mobile	90%	94%	91%	87%	90%	87%
Internet	PC	77%	75%	81%	64%	75%	70%
	Total Internet	75%	73%	77%	61%	74%	67%
	Broadband (fixed and mobile)	73%	72%	76%	61%	72%	64%
	Fixed Broadband	66%	51%	70%	54%	65%	57%
	Mobile Broadband	15%	27%	13%	11%	15%	13%

Source: Ofcom research, Q1 2010

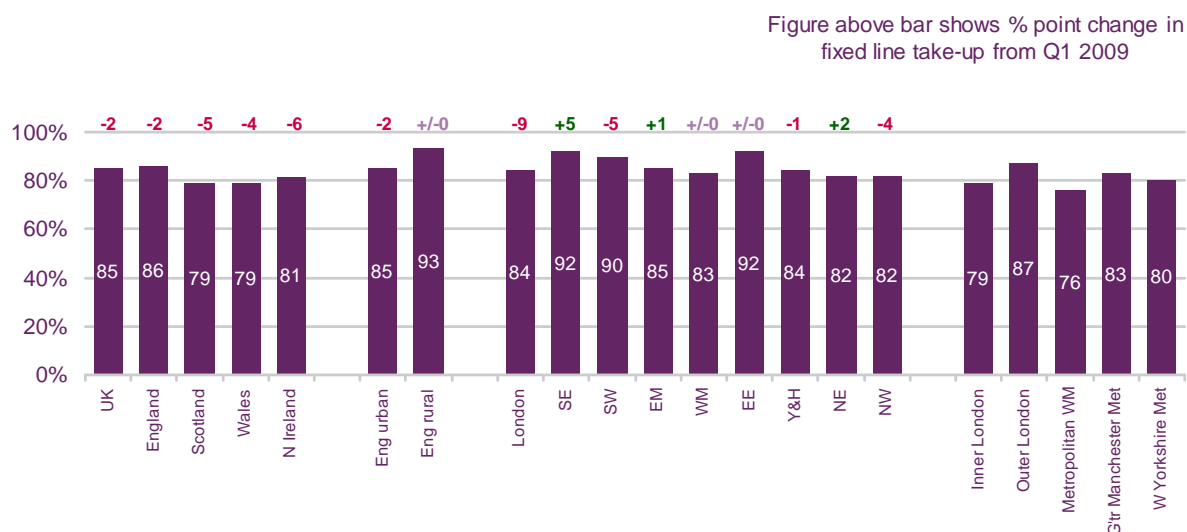
Base: All adults aged 15+ (n = 5709 England)

Fixed-line

England had the highest level of fixed-line (or landline) ownership (86%) across the nations (see Figure 5.14), with comparable levels of landline ownership across Northern Ireland (81%), Scotland (79%) and Wales (79%). Take-up was higher in rural areas than in urban areas (93% vs 85%).

The highest levels of landline ownership were in the South East (92%), the East of England (92%) and the South West (90%). The lowest reported levels of landline ownership were in the metropolitan West Midlands area (76%) and in inner London (79%). London also had the biggest year-on-year drop in penetration.

Figure 5.14 Fixed-line take-up



Source: Ofcom research, Q1 2010

Base: All adults aged 15+ (n = 9013 UK, 5709 England)

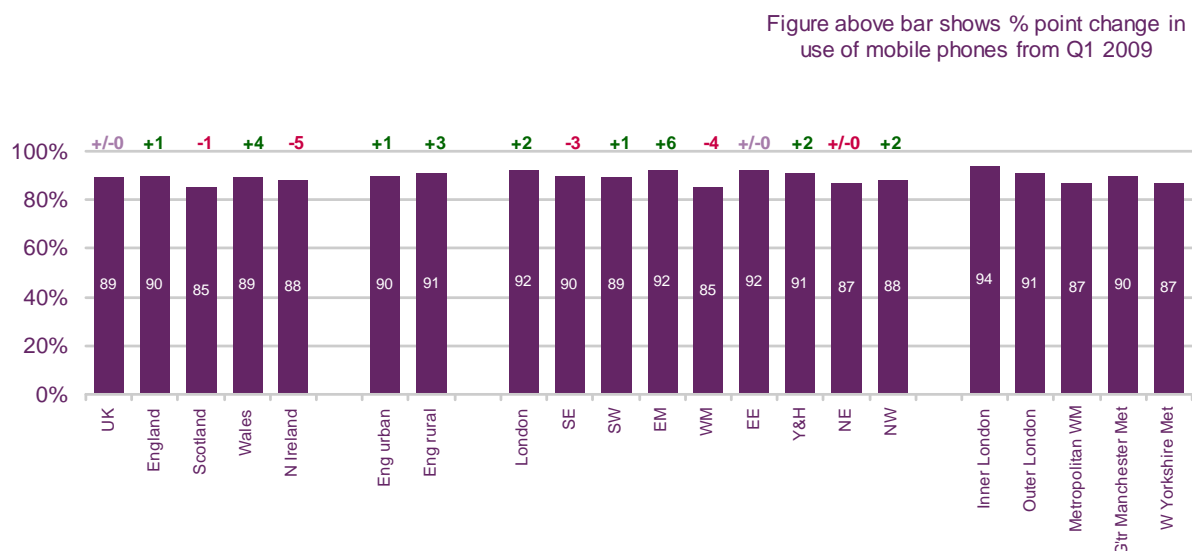
QC1. Is there a landline phone in your home that can be used to make and receive calls?

Mobile

Ninety per cent of households in England now have a mobile phone connection

Take-up of mobile phones has continued to rise steadily in England and by Q1 2010 90% of households had a mobile phone connection (Figure 5.15). The highest growth in mobile take-up was in the East Midlands (up by six percentage points to 92%).

Figure 5.15 Mobile take-up



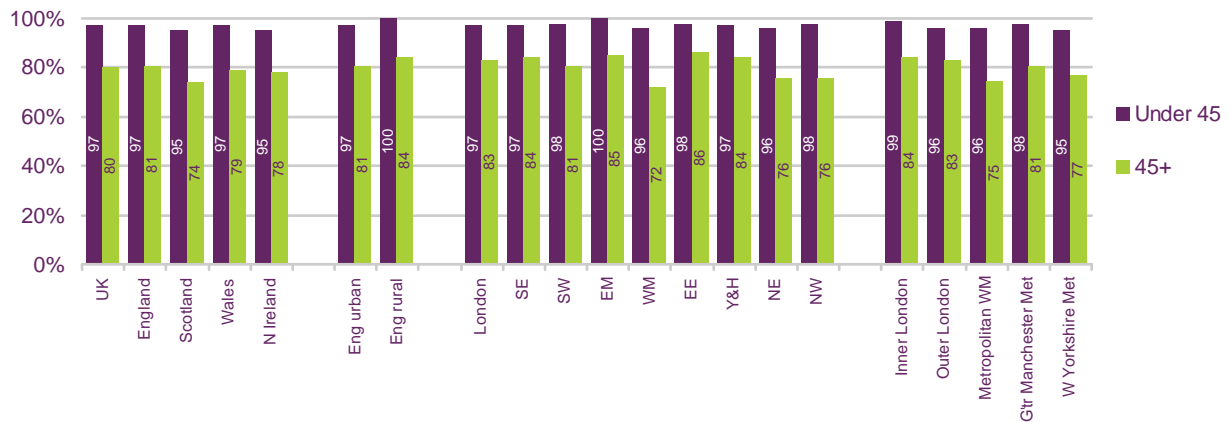
Source: Ofcom research, Q1 2010

Base: All adults aged 15+ (n = 9013 UK, 5709 England, 1468 Scotland, 1075 Wales, 761 Northern Ireland)

QD2. Do you personally use a mobile phone?

Figure 5.16 shows that lower than average mobile phone take-up in the West Midlands, North East and North West is largely driven by lower take-up levels among older age groups (45+).

Figure 5.16 Personal use of mobile phones, by age



Source: Ofcom research, Q1 2010

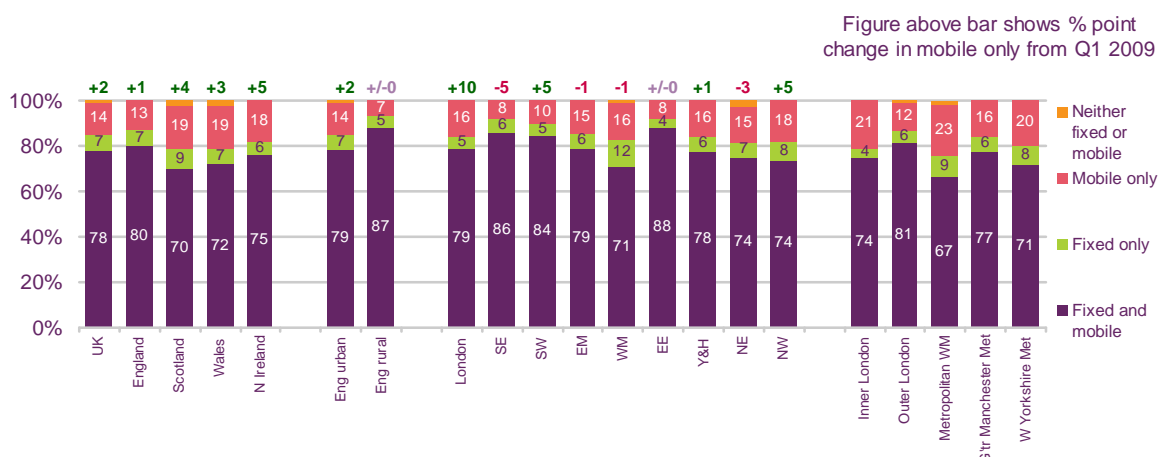
Base: All adults aged 15+ (n = 9013 UK, 5709 England, 1468 Scotland, 1075 Wales, 761 Northern Ireland)

QD2. Do you personally use a mobile phone?

Although at an overall level there has been limited change in the proportion of adults in England relying solely on a mobile phone at home (13%), we can observe some changes at a regional level. In particular, there has been an increase of ten percentage points in the proportion of mobile-only users in London (see Figure 5.17).

Adults living in urban areas of England continue to be more likely to rely solely on a mobile phone for all their telephony (14%) than those in rural areas (7%). Metropolitan West Midlands, inner London and the West Yorkshire metropolitan areas have the highest levels of sole reliance on mobile phones (23%, 21% and 20% respectively).

Figure 5.17 Cross-ownership of household telephony services



Source: Ofcom research, Q1 2010

Base: All adults aged 15+ (n = 9013 UK, 5709 England, 1468 Scotland, 1075 Wales, 761 Northern Ireland)

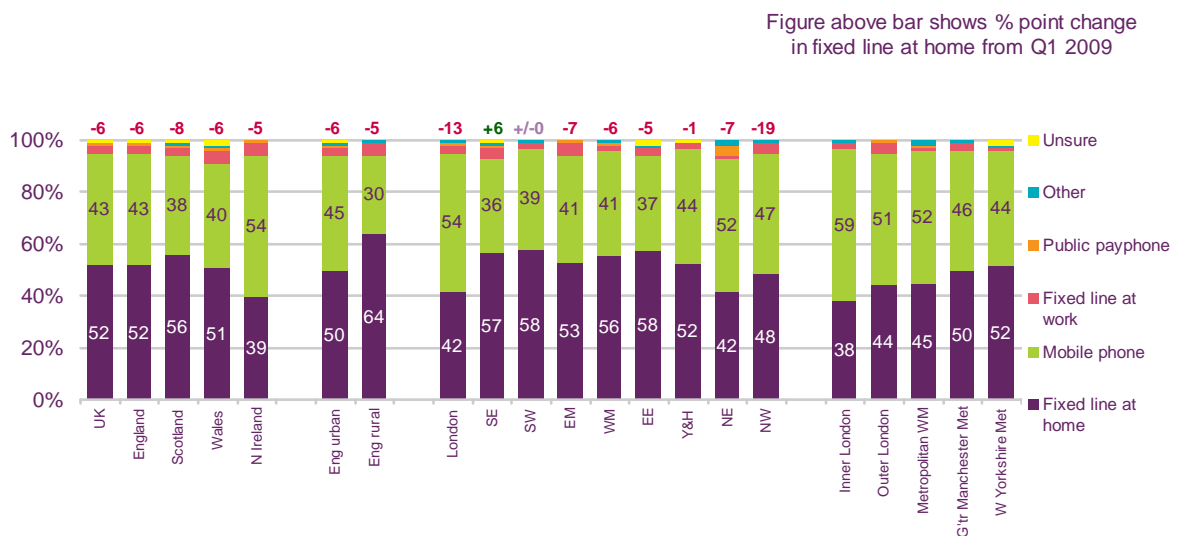
Q. Is there a landline in your home? How many mobile phones in total do members of your household use?

Main method of making calls

Figure 5.18 shows that the majority of adults in England (52%), and in the UK as a whole, continue to use their fixed-line home phone as their main method of making and receiving calls. However, compared to last year, there was a six percentage point decrease in the proportion of adults in England who said that their main method of making calls was a fixed-line phone.

Consumers in urban areas were more likely to use their mobile as their main method of telephony than those in rural areas (45% vs. 30% respectively). In London and the metropolitan West Midlands, mobiles have overtaken landlines, with 54% and 52% respectively saying that their mobile phone is their main method of making and receiving calls. This rises to 59% in inner London.

Figure 5.18 Main method of making and receiving calls



Source: Ofcom research, Q1 2010

Base: All adults aged 15+ (n = 9013 UK, 5709 England, 1468 Scotland, 1075 Wales, 761 Northern Ireland)

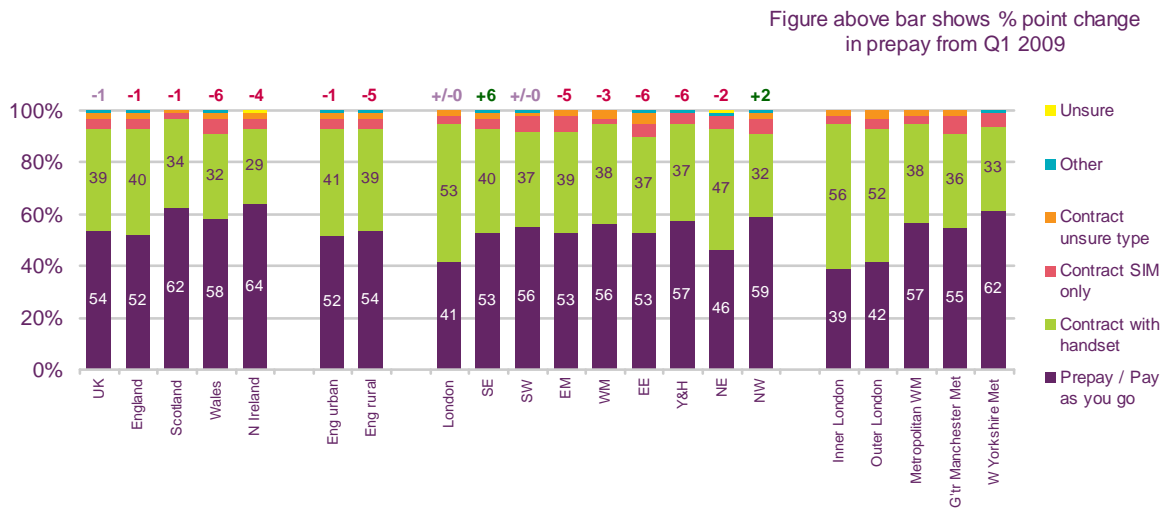
QC28. Which of these do you consider to be your main method of making and receiving voice calls?

Type of mobile subscription

Take-up of pre-pay mobile phones appears to have stabilised, with 52% of adults in England having a pre-pay mobile phone and 40% having a contract phone. The North West has the highest proportion of pre-pay phones (59%) and London the lowest (41%) (Figure 5.19).

The level of SIM-only mobile contracts has remained unchanged since Q1 2009, at 4%. SIM-only is a relatively recent introduction to the mobile market, in which users enter into short/rolling contracts; they purchase a SIM card only for a particular network and do not get a subsidised handset.

Figure 5.19 Type of mobile subscription



Source: Ofcom research, Q1 2010

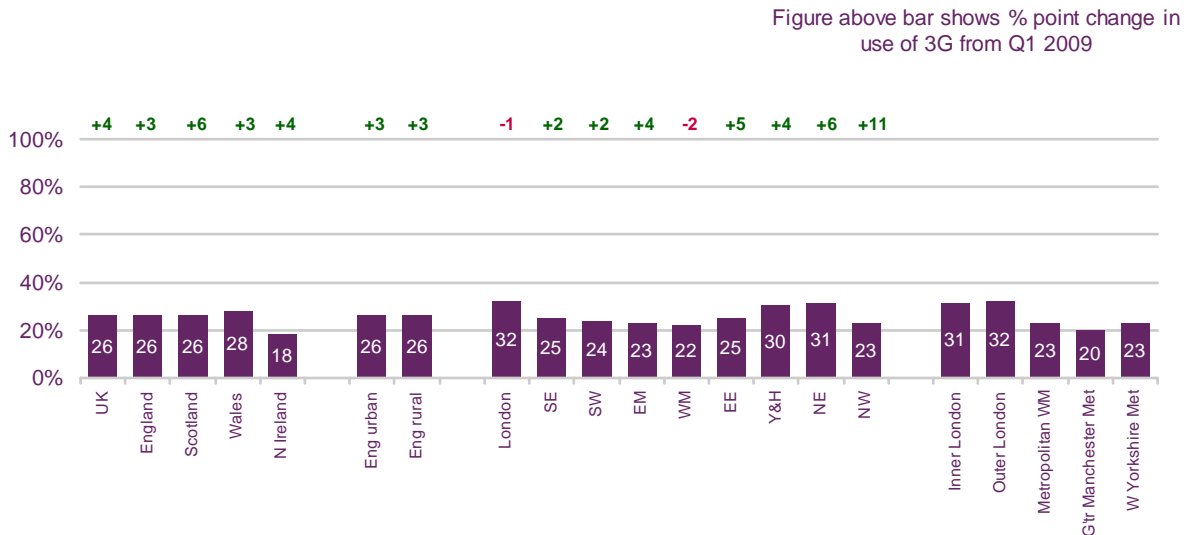
Base: All adults aged 15+ (n = 7826 UK, 5008 England, 1237 Scotland, 923 Wales, 658 Northern Ireland)

QD11. Which of these best describes the mobile package you personally use most often?

3G take-up

Claimed 3G ownership in England increased by three percentage points between Q1 2009 and Q1 2010 to reach 26%. with the highest levels of take-up in London (see Figure 5.20), where a third of adults use a 3G handset themselves. However, these numbers should be treated with some caution as it is unclear whether consumers are accurately reporting their type of handset.

Figure 5.20 Take-up of 3G services



Source: Ofcom research, Q1 2010

Base: All adults aged 15+ (n = 9013 UK, 5709 England, 1468 Scotland, 1075 Wales, 761 Northern Ireland)

QD24B: Do you personally use a 3G mobile handset – third generation mobile phones allow you to send and receive data at high speeds, allowing you to carry out activities such as making and receiving video calls – this might be for business or personal use?

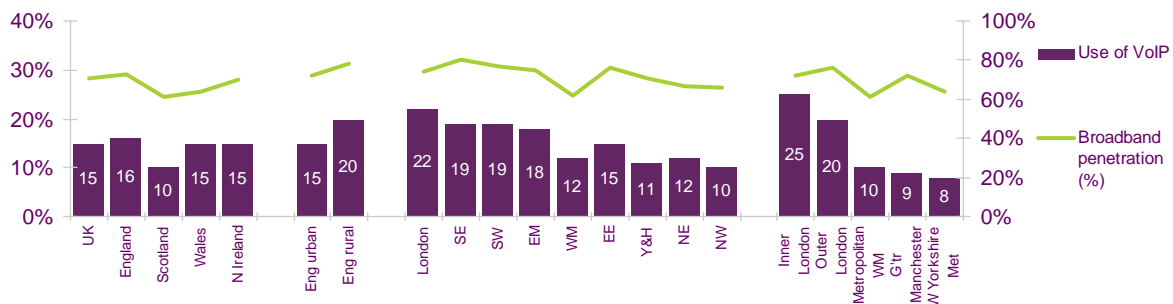
Use of the internet to make phone calls (VoIP) higher in rural areas than in urban areas

Voice over Internet Protocol (VoIP) technology allows users to make cheap (or free) voice calls over fixed or mobile telephony networks. VoIP-only providers (e.g. Skype) and telecoms network operators (e.g. BT and Orange) provide services that make use of VoIP technology.

Figure 5.21 shows that one in six (16%) adults in England said that someone in their household had made voice calls over the internet (VoIP). Use of VoIP was at similar levels in Wales and Northern Ireland but lower in Scotland, while within England VoIP use was highest in London (22%) and lowest in the North West (10%).

Areas with higher broadband ownership tend to be those most likely to use VoIP services; this trend can be seen in rural England, with an increase in VoIP use since Q1 2009; this is likely to be driven by higher levels of broadband access.

Figure 5.21 Proportion of adults living in a household that has used VoIP



Source: Ofcom research, Q1 2010

Base: All adults aged 15+ (n = 9013 UK, 5709 England, 1468 Scotland, 1075 Wales, 761 Northern Ireland)

QE29. Before now, were you aware that you could make voice calls using the internet?

QE30. Have you or anyone in your household ever used one of these services to make voice calls using the internet?

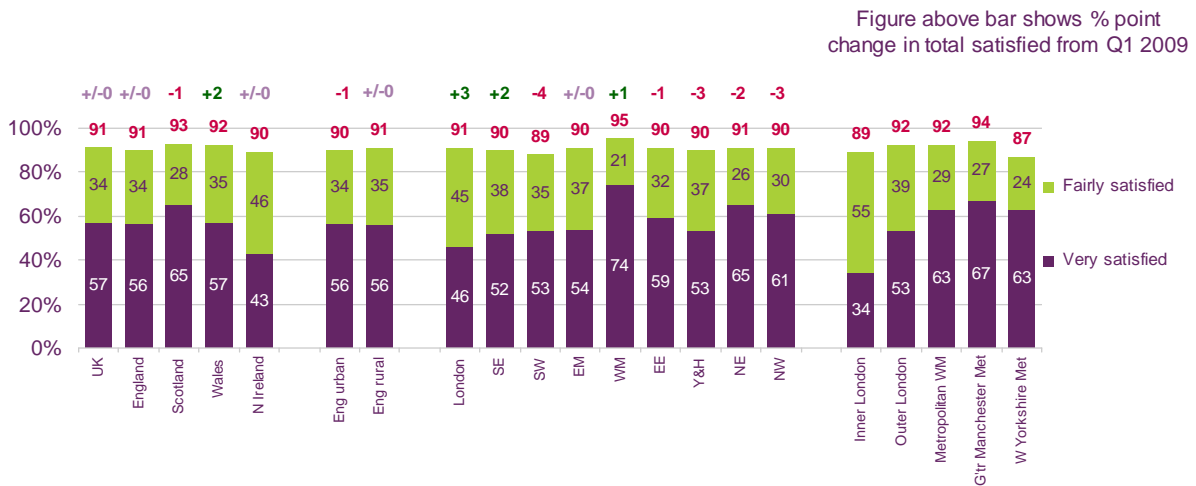
5.1.4 Satisfaction with telecoms services

Fixed-line

Overall satisfaction with fixed-line services stood at 91% in England, broadly similar to the other nations and unchanged from last year (Figure 5.22).

Levels of satisfaction varied little across the regions, although the West Midlands had higher overall satisfaction (95%) and a relatively high proportion of adults who were 'very' satisfied rather than 'fairly' satisfied (74% vs 56% on average).

Figure 5.22 Overall satisfaction with fixed-line services



Source: Ofcom research, Q1 2010

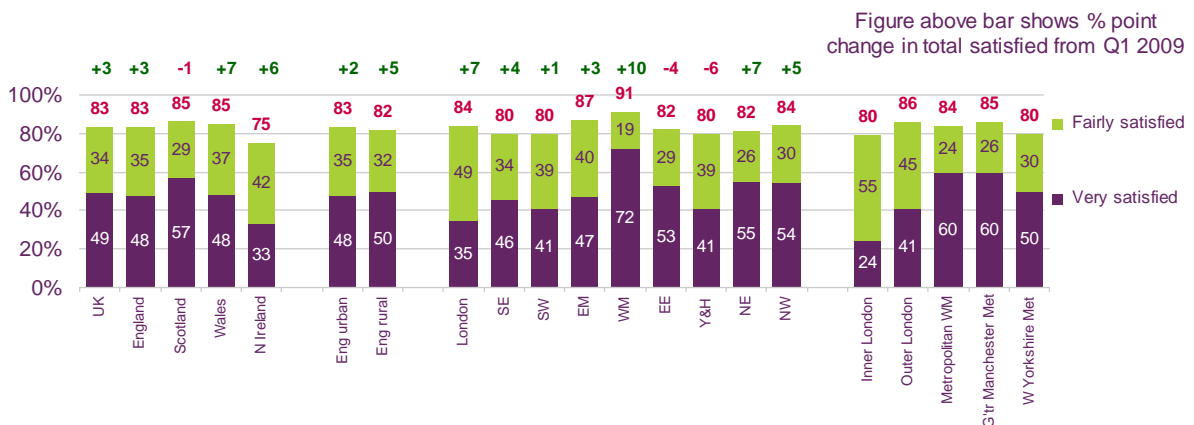
Base: Adults aged 15+ with a landline phone at home (n = 7494 UK, 4851 England, 1141 Scotland, 874 Wales, 628 Northern Ireland)

QC13a. Thinking about your home phone service only, how satisfied are you with (main supplier) for the overall service provided by (main supplier)?

Eighty-three per cent of fixed-line customers in England were satisfied with the value for money of their service (see Figure 5.23). The West Midlands had higher overall satisfaction than other regions (91%) and had seen the highest year-on-year increase, with a rise of ten percentage points.

Adults in London were the least likely to say that they were 'very' satisfied (35%) with value for money; this was lowest in inner London (24%) where people were also most likely to be reliant on their mobiles as their main way of making and receiving calls.

Figure 5.23 Satisfaction with value for money of fixed-line services



Source: Ofcom research, Q1 2009

Base: Adults aged 15+ with a landline phone at home (n = 7494 UK, 4851 England, 1141 Scotland, 874 Wales, 628 Northern Ireland)

QC13b. Thinking about your home phone service only, how satisfied are you with (main supplier) for the overall value for money from your service?

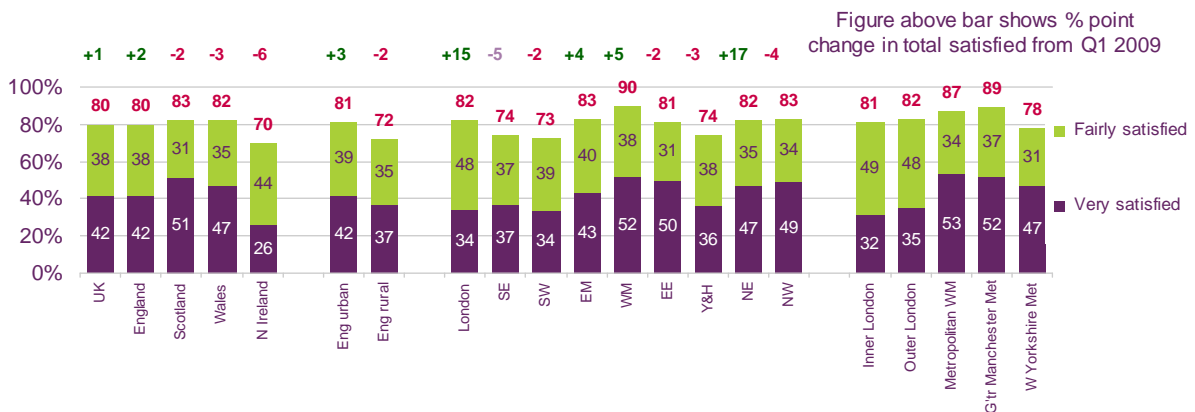
Fixed broadband

Overall satisfaction with broadband services among broadband users in England has risen by four percentage points to 90%, almost in line with satisfaction levels in Scotland (92%) and Wales (91%).

Levels of satisfaction with speed of connection in England (80%) are comparable with those in Scotland and Wales (83% and 82% respectively), while Northern Ireland is lower (70%). Fixed broadband customers in rural areas continued to be less satisfied with their speeds (72%) than those in urban areas (81%).

Figure 5.24 shows the West Midlands had the highest level of satisfaction with speed of connection (90%), while the biggest increases in satisfaction with speed of connection were in the North East (an increase of 17 percentage points) and in London (increasing by 15 percentage points); both are now close to the average for England, at 82%.

Figure 5.24 Satisfaction with speed of broadband connection



Source: Ofcom research, Q1 2010

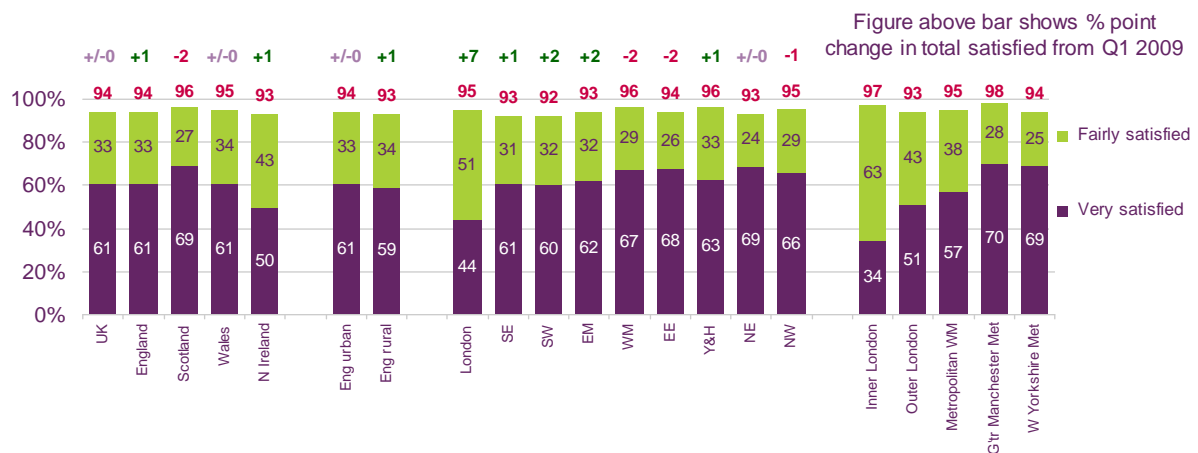
Base: Adults aged 15+ with a fixed broadband connection at home (n= 5410 UK, 3559 England, 778 Scotland, 604 Wales, 469 Northern Ireland)

QE8b. Thinking about your fixed broadband internet service, how satisfied are you with (main supplier) for the speed of your service while online (not just the connection)?

Mobile

Overall satisfaction with mobile services stood at 94% in England and was comparable with Scotland (96%), Wales (96%) and Northern Ireland (93%). There was little variation by region in Q1 2010; satisfaction levels in London rose by seven percentage points to 95% during 2009, bringing it into line with the average (see Figure 5.25).

Figure 5.25 Overall satisfaction with mobile services



Source: Ofcom research, Q1 2010

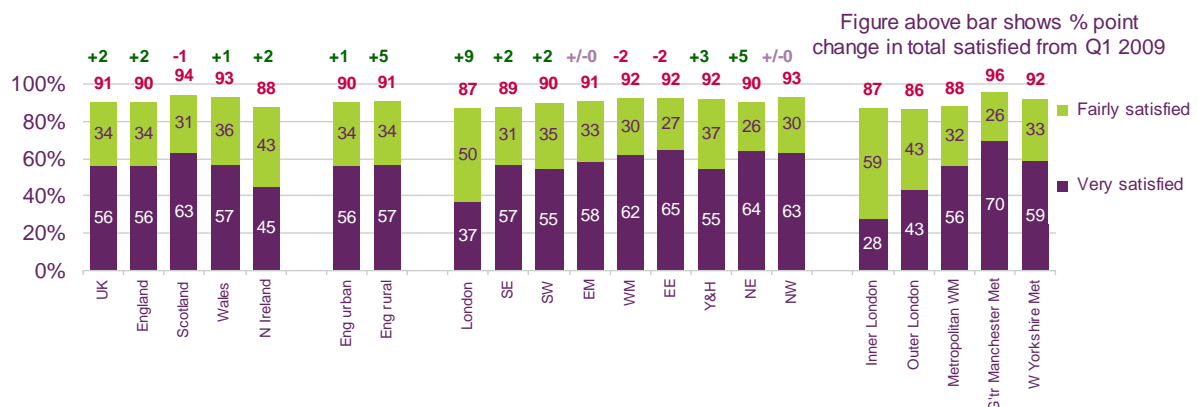
Base: Adults aged 15+ who personally use a mobile phone (n = 7826 UK, 5008 England, 1237 Scotland, 923 Wales, 658 Northern Ireland)

QD21b. Thinking about your mobile phone service only, how satisfied are you with (main supplier) for the overall value for money from your service?

Satisfaction with value for money of mobile services in England has increased by two percentage points to 90% (see Figure 5.26), but it remains lower than in Scotland and Wales. The level of variation by region has reduced over 2009, with all regions reporting levels of 87% satisfaction or above.

Mobile users in London saw the biggest increase in reported satisfaction levels, with an increase of nine percentage points between Q1 2009 and Q1 2010. However, the proportion of users who were 'very' satisfied remained relatively low in London, particularly in inner London, where reliance on mobile phones is at its highest level.

Figure 5.26 Satisfaction with value for money of mobile services



Source: Ofcom research, Q1 2010

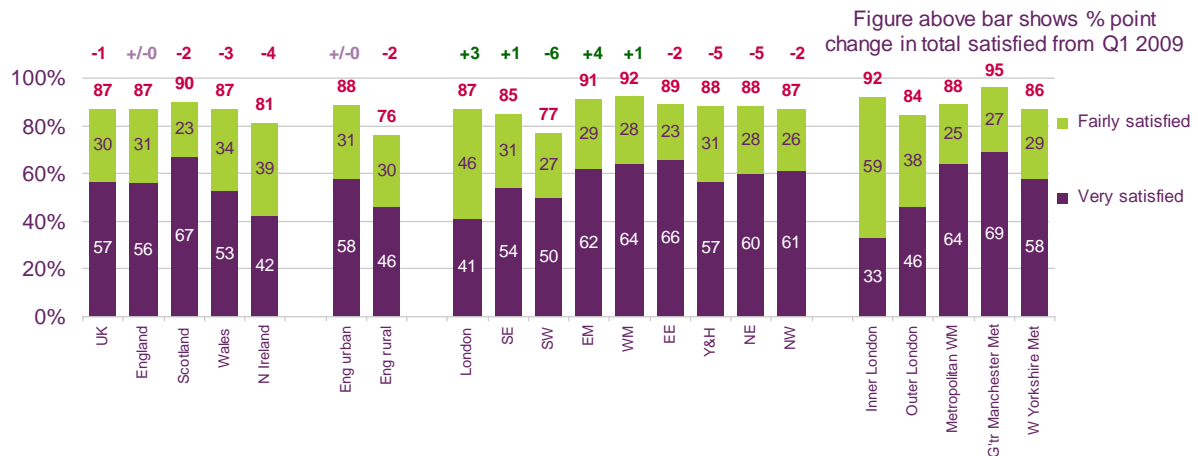
Base: Adults aged 15+ who personally use a mobile phone (n = 7826 UK, 5008 England, 1237 Scotland, 923 Wales, 658 Northern Ireland)

QD21b. Thinking about your mobile phone service only, how satisfied are you with (main supplier) for the overall value for money from your service?

Figure 5.27 shows that satisfaction with mobile reception in England stood at 87% in Q1 2010, unchanged from 2009. This is comparable to the level of satisfaction in Wales (87%) but lower than in Scotland (90%).

As in previous years, lower satisfaction with mobile reception was reported in rural parts of the UK (76% vs 88% for urban areas); despite this, there was no difference in overall satisfaction levels between urban and rural areas (94% and 93% respectively).

Figure 5.27 Satisfaction with reception of mobile services



Source: Ofcom research, Q1 2010

Base: Adults aged 15+ who personally use a mobile phone (n = 7826 UK, 5008 England, 1237 Scotland, 923 Wales, 658 Northern Ireland)

QD21c. Thinking about your mobile phone service only, how satisfied are you with (main supplier) for reception/ accessing network?

Switching

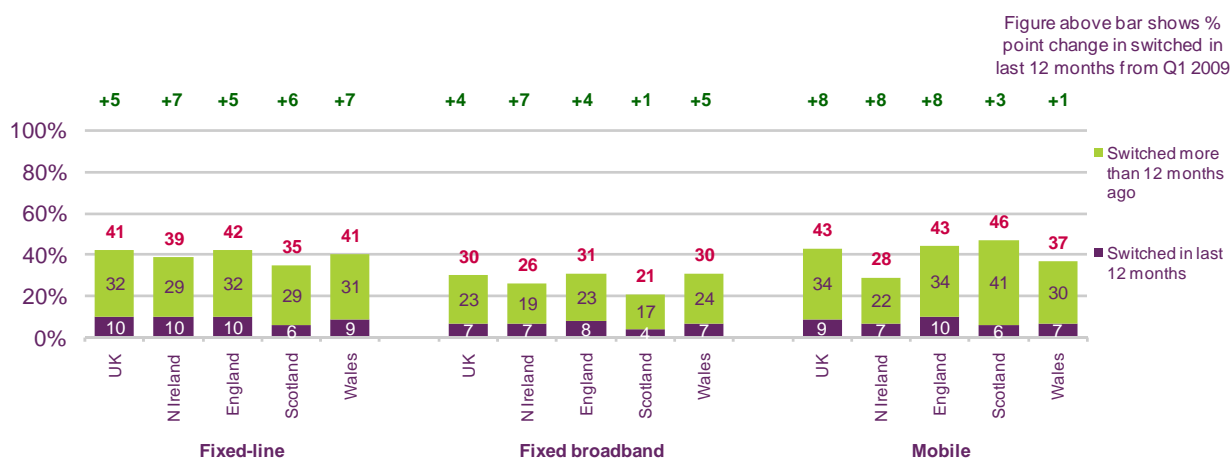
As shown in Figure 5.28, the proportion of fixed-line users who have switched provider is higher in England (42%) than the UK average (41%) and any other nation in the UK.

Among those who have switched their landline service within the last 12 months, people in England (10%) are as likely as those in Northern Ireland (10%) to have switched, and more likely than people in Wales (9%) or Scotland (6%).

Fixed broadband switching is higher in England (31%) than elsewhere in the UK, both as a whole (31%) and among people who have switched in the past 12 months (8%). In Scotland, the comparative figure is 21%.

However, when looking at switching levels for mobile phones, people in Scotland (46%) are more likely than people in England (43%) to have switched provider overall – although people in England have switched more in the past 12 months.

Figure 5.28 Fixed line, fixed broadband and mobile supplier switching



QC14a. Apart from when you moved house, have you or your household ever changed the company that provides any of your home landline phone, broadband and mobile services?

Source: Ofcom research, Q1 2010

Base: Adults aged 15+ with a landline phone at home (n = 7494 UK, 628 Northern Ireland, 4851 England, 1141 Scotland, 874 Wales, 402 Northern Ireland urban, 226 Northern Ireland rural, 291 Belfast metropolitan area, 337 rest of NI). Adults aged 15+ with a fixed broadband connection at home (n= 5410 UK, 469 Northern Ireland, 3559 England, 778 Scotland, 604 Wales, 297 Northern Ireland urban, 173 Northern Ireland rural, 230 Belfast metropolitan area, 239 rest of NI). Base: Adults aged 15+ who personally use a mobile phone (n = 7826 UK, 658 Northern Ireland, 5008 England, 1237 Scotland, 923 Wales, 428 Northern Ireland urban, 230 Northern Ireland rural, 298 Belfast metropolitan area, 360 rest of NI)

Note: Figures above chart columns indicate the proportion of people with a personal mobile phone who have ever switched supplier.

Glossary

2G Second generation of mobile telephony systems. Uses digital transmission to support voice, low-speed data communications, and short messaging services.

3G Third generation of mobile systems. Provides high-speed data transmission and supports multimedia applications such as full-motion video, video-conferencing and internet access, alongside conventional voice services.

ADSL Asymmetric Digital Subscriber Line. A digital technology that allows the use of a standard telephone line to provide high speed data communications. Allows higher speeds in one direction (towards the customer) than the other.

ADSL1 The first generation of ADSL, capable of data speeds of up to 8Mbit/s towards the customer and up to 640kbit/s from the customer.

ADSL2/ADSL2+ Improved versions of ADSL, offering high speeds, especially on shorter telephone lines. In the case of ADSL2+, up to 24Mb/s can be delivered towards the customer.

AM Amplitude Modulation. Type of modulation produced by varying the strength of a radio signal. This type of modulation is used by broadcasters in three frequency bands: medium frequency (MF, also known as medium wave: MW); low frequency (LF, also known as long wave: LW), and high frequency (HF, also known as short wave: SW). The term AM is often used to refer to the medium frequency band (see MF below).

ATT Analogue Terrestrial Television. The television broadcast standard that all television industries launched with. Most countries in this study are planning to phase out ATT in the next ten years.

BARB Broadcasters Audience Research Board. The pan-industry body which measures television viewing.

Broadband A service or connection generally defined as being 'always on' and providing a bandwidth greater than narrowband.

Contention ratio An indication of the number of customers who share the capacity available in an ISP's broadband network. Figures of 50:1 for residential broadband connections and 20:1 for business are typical).

CPS Carrier Pre-selection. The facility offered to customers which allows them to opt for certain defined classes of call to be carried by an operator that has been selected in advance and has a contract with the customer. CPS does not require the customer to dial a routing prefix or use a dialler box.

DAB Digital Audio Broadcasting. A set of internationally accepted standards for the technology by which terrestrial Digital Radio multiplex services are broadcast in the UK.

Digital dividend The spectrum that will be released by the switch to all-digital television.

Digital switchover The process of switching over the current analogue television broadcasting system to digital, as well as ensuring that people have adapted or upgraded their televisions and recording equipment to receive digital TV.

DSL Digital Subscriber Line. A family of technologies generally referred to as DSL, or xDSL, capable of transforming ordinary phone lines (also known as 'twisted copper pairs') into high-speed digital lines, capable of supporting advanced services such as fast Internet access and video-on-demand. ADSL, HDSL (High data rate Digital Subscriber Line) and VDSL (Very high data rate Digital Subscriber Line) are all variants of xDSL).

DTT Digital Terrestrial Television, currently most commonly delivered through the Freeview service.

DVD Digital Versatile Disc A high capacity CD-size disc for carrying audio-visual content. Initially available read-only, but recordable formats are now available.

DVR Digital Video Recorder (also known as Personal Video Recorder and Digital Television Recorder). A digital TV set-top box including a hard disk drive which allows the user to record, pause and rewind live TV.

Fibre-to-the-cabinet Access network consisting of optical fibre extending from the access node to the street cabinet. The street cabinet is usually located only a few hundred metres from the subscriber premises. The remaining segment of the access network from the cabinet to the customer is usually a copper pair but could use another technology, such as wireless.

Fibre-to-the-home A form of fibre optic communication delivery in which the optical signal reaches the end user's living or office space.

Fibre-to-the-building A form of fibre-optic communication delivery in which an optical fibre is run directly onto the customers' premises.

FM Frequency Modulation. Type of modulation produced by varying the frequency of a radio carrier in response to the signal to be transmitted. This is the type of modulation used by broadcasters in part of the VHF (Very High Frequency) band, known as VHF Band 2.

Format The type of programme service broadcast by radio stations. Also, the part of a radio station's licence which describes the programme service.

Free-to-air Broadcast content that people can watch or listen to without having to pay a subscription.

GSM Global Standard for Mobile Telephony, the standard used for 2G mobile systems.

HDTV High-Definition Television. A technology that provides viewers with better quality, high-resolution pictures.

HSPA Jointly, downlink and uplink mobile broadband technologies are referred to as HSPA (High Speed Packet Access) services.

Internet A global network of networks, using a common set of standards (e.g. the Internet Protocol), accessed by users with a computer via a service provider.

Internet-enabled mobile phone A mobile phone which allows its user to access the internet via in-built access technology such as GPRS or WCDMA.

IP (Internet Protocol) The packet data protocol used for routing and carriage of messages across the Internet and similar networks.

IPTV Internet Protocol Television. Television and/or video signals that are delivered to subscribers or viewers using Internet Protocol (IP), the technology that is also used to access the Internet. We use the term to mean delivery over a 'closed intranet', typically operated by ISPs and local-loop unbundlers, rather than over the public internet. IPTV services are hosted on servers placed in the exchange, which means they can be delivered with assured QoS since the ISP has more control over the network.

ISP Internet Service Provider. A company that provides access to the internet.

LLU (Local Loop Unbundling) LLU is the process whereby incumbent operators (in the UK this means BT and Kingston Communications) make their local network (the lines that run from customer's premises to the telephone exchange) available to other communications providers. The process requires the competitor to deploy its own equipment in the incumbent's local exchange and to establish a backhaul connection between this equipment and its core network.

Local Loop The access network connection between the customer's premises and the local PSTN exchange, usually a loop comprised of two copper wires.

Mobile Broadband Various types of wireless high-speed internet access through a portable modem, telephone or other device.

MP3 (MPEG-1 Audio Layer-3) A standard technology and format for compressing a sound sequence into a very small file (about one-twelfth the size of the original file) while preserving the original level of sound quality when it is played.

MP3 Player A device that is able to store and play back MP3 files.

MPEG Moving Picture Experts Group. A set of international standards for compression and transmission of digital audio-visual content. Most digital television services in the UK use MPEG2, but MPEG4 offers greater efficiency and is likely to be used for new services including TV over DSL and High-Definition TV.

Multichannel In the UK, this refers to the provision or receipt of television services other than the main five channels (BBC ONE & TWO, ITV1, Channel 4/S4C, Five) plus local analogue services. 'Multichannel homes' comprise all those with digital terrestrial TV, satellite TV, digital cable or analogue cable, or TV over broadband. Also used as a noun to refer to a channel only available on digital platforms (or analogue cable).

Multiplex A device that sends multiple signals or streams of information on a carrier at the same time in the form of a single, complex signal. The separate signals are then recovered at the receiving end.

MVNO An organisation which provides mobile telephony services to its customers, but does not have allocation of spectrum or its own wireless network.

Narrowband A service or connection providing data speeds up to 128kbit/s, such as via an analogue telephone line, or via ISDN.

PAYG Pay-as-you-go.

Podcasting Away for digital audio files to be published on the internet, which can then be downloaded onto computers and transferred to portable digital audio players.

PSB Public Service Broadcasting, or Public Service Broadcaster. The Communications Act in the UK defines the PSBs to include the BBC, ITV1, Channel 4, Five and S4C.

PSTN Public Switched Telephony Network.

RAJAR Radio Joint Audience Research The pan-industry body which measures radio listening.

RSS is an acronym of either 'Really Simple Syndication' or 'Rich Site Summary'. It refers to a news feed that is generated by the content on a website, but which visitors can select to have delivered to their computer without visiting the source website

Service bundling (or multi-play) A marketing term describing the packaging together of different communications services by organisations that traditionally only offered one or two of those services.

Service provider A provider of electronic communications services to third parties whether over its own network or otherwise.

Share (Radio) Proportion of total listener hours, expressed as a percentage, attributable to one station within that a defined area.

Share (TV) Proportion of total TV viewing to a particular channel over a specified time, expressed as a percentage of total hours of viewing.

Sub-loop unbundling A variant of LLU where a competitive operator takes control of only a portion of a customer's local loop, allowing them to install their equipment closer to the customer and potentially offer higher-speed services. In Sub-loop unbundling, the point of handover is commonly the Primary Connection Point (PCP) or street cabinet.

Telecommunications, or 'Telecoms' Conveyance over distance of speech, music and other sounds, visual images or signals by electric, magnetic or electro-magnetic means.

Transmitter A device which amplifies an electrical signal at a frequency to be converted, by means of an aerial, into an electromagnetic wave (or radio wave). The term is commonly used to include other, attached devices, which impose a more simple signal onto the frequency, which is then sent as a radio wave. The term is sometimes also used to include the cable and aerial system referred to above, and indeed the whole electrical, electronic and physical system at the site of the transmitter.

VoIP Voice over Internet Protocol. A technology that allows users to send calls using Internet Protocol, using either the public Internet or private IP networks.

Web 2.0 A perceived second generation of web-based communities and hosted services - such as social-networking sites and wikis, which facilitate collaboration and sharing between users.

WiFi hotspot A public location which provides access to the internet using WiFi technology.

Wireless LAN or WiFi (Wireless Fidelity) Short range wireless technologies using any type of 802.11 standard such as 802.11b or 802.11a. These technologies allow an over-the-air connection between a wireless client and a base station, or between two wireless clients.

WLR Wholesale Line Rental A regulatory instrument requiring the operator of local access lines to make this service available to competing providers at a wholesale price.

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