



The Communications Market 2008: Nations and Regions

English Regions

Research Document

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Foreword

This is Ofcom's third annual review of the markets for television, radio, and telecommunications, showing detailed data for the nations and regions across the UK.

Its aim, like that of its predecessors, is to provide the context for Ofcom's own policy thinking and to inform debates and decisions taken by stakeholders in the public and private sectors.

This year's review takes place against the background of significant policy debates on issues as diverse as the future of public service broadcasting and the future regulatory framework for high-speed broadband. It is increasingly the case that distinct versions of these debates are taking place in the regions of England and Northern Ireland, Scotland, and Wales.

That is why Ofcom continues to seek, within the resources available, to deepen the geographical detail of its research, as well as to reflect on new themes and patterns of consumer behaviour, brought about by the convergence between fixed and wireless communications technologies.

The story that emerges from this year's research is that the pace of change continues to be rapid, but that some previously strong distinctions have shaded to grey.

For example, broadband. In the first two years that we have reported, we found that take-up was strikingly lower in rural than in urban areas. This year, the data suggest that, taken as a whole, rural areas have caught up – in fact, slightly overtaken urban areas. Overall, 57% of UK homes now have a broadband internet connection, up from 45% a year earlier.

There are other striking patterns; in the UK's biggest cities, such as Belfast, Birmingham, Cardiff, Glasgow, Liverpool, and Manchester, an ever-larger segment of the population is living without the use of fixed-line telephony. Across the UK as a whole, 87% of homes have a fixed-line telephone (down three percentage points from last year). The 12% of homes which rely on mobile phones only are able, increasingly, to access broadband through wireless technology.

People are also using broadband to download video. This report suggests that 30% of adults have taken advantage of video downloading, although on a city-by-city analysis, the hottest hotspots are Aberdeen, Dundee and Edinburgh.

There are many other such fascinating points of detail in the pages that follow. Social networking, as Ofcom has previously reported, is now enjoyed by one in five UK adults. This report suggests that the people of Northern Ireland are among the UK's most avid social networkers. Across the UK, these sites are most popular among young people.

Another big trend is the fact that more than 85% of UK homes now have digital television – ten percentage points higher than a year ago and a significant milestone to have passed in the year in which digital switchover began, in Copeland, Cumbria.

At the same time, take-up of digital radio continues to grow, with one in five adults reporting that they have a DAB digital radio at home.

On the whole, consumers are satisfied with the quality of the communications services they buy. Across the UK, 89% of broadband users say they are satisfied and 94% of consumers say they are satisfied with their mobile phone service. But our data show differences across the UK in levels of satisfaction.

As this year's report contains more detailed data, two other points need to be made. Firstly, care needs to be taken in drawing excessively far-reaching conclusions from data based upon small sample sizes. Secondly, this Ofcom exercise now involves so much data that we have decided to publish much of it separately, as a complement to this report. You can find the full data set by going to the following link: <http://www.ofcom.org.uk/research/cm/cmnr08>.

I hope that you will find this research useful and that it will encourage you to take the fullest possible part in the debates it is designed to support and stimulate.

Ed Richards
Chief Executive

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 and/or the assessment of licence applications or significant market or dominant position for the purposes of the Communications Act 2003, the Competition Act 1998 or other relevant legislation. We endeavour to ensure that the data in this report are the most accurate currently available.

Key themes

Significant rises in broadband take-up across England – rural catches up with urban

Since our last survey in 2006, broadband take-up in England has risen by 13 percentage points to 58% of homes in January 2008. Broadband take-up in England is higher than in Scotland (53%), Wales (45%) and Northern Ireland (52%). The increase in take-up has been driven largely by consumers upgrading from narrowband dial-up connections. The largest increases are in the East of England, where take-up has grown by 20 percentage points to two-thirds of the population (67%). The pattern is reflected across England, with the exception of the East Midlands and North West, where take-up remains similar to 2006. Growth in take-up of broadband has been particularly noticeable in rural areas, which, at 60% take-up, now matches urban areas (58%).

Non-ownership of telecommunications services is due to cost and lack of interest

Consumers who do not have fixed-line phones, mobile phones or broadband typically say that this is because they don't want them or that the cost is too high. Less than 1% of survey respondents said that lack of service availability was a reason for not having a mobile phone or broadband connection.

England's northern cities rely heavily on mobile telephony

The proportion of homes in the UK relying on mobile telephony has increased by three percentage points to 84%, mirroring the fall in fixed-line penetration from 90% to 87%. A growing number (12%) of adults in the UK live in a home with a mobile phone but with no fixed-line. This development is particularly noticeable in some of England's cities and urban areas, where income is lower than average, for example: Birmingham (22%), urban areas in Yorkshire and Humber (18%), Greater Manchester (28%), the City of Manchester (19%) and Liverpool (21%). However, in London the proportion relying on mobile telephony is lower than average (7%). Across England 12% rely on mobile telephony, similar to the figure in Scotland and Northern Ireland, but lower than in Wales (19%).

Digital television grows across England – especially in London

Since our last survey, digital television take-up in England has increased by 10 percentage points, to 86%. The rise was particularly high in London, where an increase of 20 percentage points; 89% of London homes now have digital television. Take-up is highest in Sunderland (96%) and Plymouth (92%), and lowest in the urban areas of Yorkshire and Humber (75%), and Birmingham (70%).

Digital television take-up in England's urban areas (86%) is similar to rural areas (83%) and overall, at 86%, is similar to Scotland (85%) and Wales (84%) and higher than in Northern Ireland (79%).

Over 100 community radio stations are now licensed in England

The number of community radio stations in England continued to grow during 2007/08. The total number of community licences awarded in England now stands at 124 and, of these, over 80 stations are already broadcasting to local communities across the country.

Key points: converged communications

- **Three in ten adults in England have watched video content online**
Broadcasters operating in England are repackaging regional content for distribution over the internet; the BBC and ITV as well as some local TV channels, offer regional programmes, and many regional radio stations offer listen live functionality over the internet. Thirty per cent of adults in England have watched TV or video content over the internet, particularly in regions with higher broadband ownership.
- **Adults in England most likely to listen to the radio online**
One in ten (13%) adults in England have used the internet to listen to radio; more than in any of the other nations. Consumers living in rural areas (16%) were more likely than those living in urban areas to listen to internet radio (13%), despite the older age profile of these regions
- **21% of adults in England have accessed mobile internet**
A fifth (21%) of adults in England have used a mobile phone to access the internet, compared to 15% in Scotland, 17% in Wales and 23% in Northern Ireland. The figure is higher in urban areas (22%) than in rural areas (15%); this is probably due to the higher take-up of 3G services in urban areas.
- **More people use their mobile for audio than for TV or video content**
While only a few adults in England (4%) have used their mobile handset to watch TV or video content, a fifth (17%) have listened to audio content on their mobile phone. Audio content includes both radio and MP3 files – either uploaded from a PC or downloaded from the internet.
- **Social networking most popular in cities in England**
The use of social networking sites such as Bebo, Facebook or MySpace is at a similar level in England (21%) to Northern Ireland (22%) and higher than both Scotland and Wales (each at 15%). It is higher than average in areas with younger populations such as London (26%), Birmingham (27%) and Newcastle (27%).
- **One in ten adults in England have made VoIP telephone calls**
Just over one in ten (13%) adults in England reported that someone in their household had made a voice call over the internet (VoIP) - more than in Northern Ireland (9%), but broadly similar to the other nations. VoIP use was highest in London (20%), the South East (20%) and rural East England (18%), and lowest in Manchester and Liverpool (4%-5%). Use of VoIP tended to correlate with broadband use.

Key points: television

- **Digital TV take-up in London catches up**
DTV take-up in England rose 11 percentage points to reach 86% in 2008, slightly ahead of the UK-wide increase of 10 percentage points. Homes in Sunderland are the most likely to have digital television (according to 2008 figures) at 96%. The fastest growth has been in London, to 89%.
- **TV viewing differs widely by region**
Viewers in the English regions watched the most, and the least, television in the UK during 2007. In the North East they watched TV for an average of 4.0 hours a day (on a par with Scotland and significantly higher than the UK-wide average of 3.6 hours), while in the ITV West region they watched the least amount of television in the UK, at 3.0 hours per day.
- **Viewers in London least likely to watch early evening news**
Across the UK, the BBC early evening news bulletin has a 28% viewing share, while the ITV1 bulletin has 20%. Londoners are the least likely to watch these bulletins; here the BBC attracted 24%, and ITV1 an 11% share. Viewers in the East watched early evening news the most, with the BBC taking 33% and ITV1 25% audience share. Londoners also spent the least amount of time watching regional news bulletins - an average of 10 hours per person in 2006 (down 3 hours since 2003). Viewers in the South West watched these bulletins most, 22 hours in 2007.
- **The BBC and ITV1 spent £199m on originated output for England in 2007**
ITV1 and the BBC invested a total of £199m in originated hours of output for viewers in England in 2007 - accounting for 61% of their UK-wide spend on national and regional output. This represents a real-terms reduction of 4% on 2006, compared to the UK-wide reduction of 3%; the fall was driven mainly by ITV1's declining spend on English regional news.
- **Per-capita spend on originated output lowest in England...**
While England attracted the largest total budget for originated programming in 2007, its large population dilutes the per-capita spend; at £3.92 this is the lowest in the UK, compared to £16.84 in Northern Ireland, £12.70 in Scotland and £11.63 in Wales.
- **...with 7,854 hours of regionally originated output in 2007**
In 2007, the BBC and ITV1 broadcast more nations and regions' output in England (7,854 hours) than in Scotland (1,699 hours), Wales (1,249) or Northern Ireland (1,150). Per head of population, this works out at just 3.0 hours a week per million, compared to 13.0 hours in Northern Ireland, 8.0 in Wales and 6.4 in Scotland.
- **Out-of-London production quotas met by the BBC, Channel 4 and five but shortfall by ITV**
The BBC, Channel 4 and five each met their out-of London production quotas by value and by volume in 2007. While ITV1 met its 50% volume quota, achieving 53%, the proportion of ITV1 spend outside London in 2007 was 44% - significantly below the 50% minimum. ITV's failure to meet the value element of its out-of-London quota is a serious matter, and one which is the subject of further consideration by Ofcom with a view to regulatory action.

Key points: radio

- **Over half of radio listening in England is to the BBC**
BBC stations accounted for over half (55%) of all radio listening in England in 2007 - higher than in Scotland (44%) and Northern Ireland (52%), but lower than in Wales (62%). Listening to the BBC network stations was also higher than average in England, at 45%, just behind Wales at 47% but higher than in Scotland (35%) and Northern Ireland (27%). Commercial radio stations held a 43% share of listening in England in 2007, lower than in Scotland (54%) but higher than in Wales (37%) and Northern Ireland (38%).
- **Most popular local stations in England are in more remote areas**
The most popular stations in England, in terms of percentage of local population reached, tend to be located off the mainland or in remote areas, where the choice of stations is often lower. Manx radio, on the Isle of Man, has the highest reach of all stations in England, with 53% of the local population tuning in on a weekly basis. Channel 103 FM on Jersey and Island FM 104.7 on Guernsey reach 52% and 51% of the local population respectively, while BBC Radio Jersey reaches 39% of the local population. Other stations with a high weekly reach in England include Lantern FM, covering the North Devon area (43% reach), Isle of Wight Radio (42%) and Spire FM in Salisbury (40%).
- **Digital radio listening increasing in England**
According to latest research, just over one in five (22%) of individuals in England now own a DAB digital radio set. This was slightly higher than ownership in Scotland (21%) and also higher than in Northern Ireland (13%) and Wales (14%). Listening to radio via digital television was also increasing in England, with over a third (34%) having used this feature by 2007. Listening to radio via the internet had been tried by over one in five, with 22% having listened online.
- **Digital radio availability set to increase in English regions**
Over the past year digital radio rollout in England received a boost with the award of ten new local digital multiplex licences. A further local multiplex licence for the Somerset region is also due to be awarded during 2008. Meanwhile national DAB digital radio coverage was estimated to have reached around 93% of the population in England by 2008, with the BBC and Digital One installing a further 17 transmitters in England over the past year.
- **Commercial radio revenue per head in England below the UK average**
Commercial stations in England generated revenue of almost £382m in 2007 (up from £378m in 2006) - equivalent to about 81% of the UK total of £526m. However, adjusting for population size gives a per-capita figure of £7.82 in 2007 - lower than in Scotland (£11.46 per head) and Northern Ireland (£8.03), but higher than in Wales (£7.41). The lower than average commercial revenue in England is partly a feature of the larger populations served and also the wider choice of stations in England.
- **Community radio growing across England**
A key development to the radio landscape over the past two years has been the increasing provision of local area not-for-profit community radio stations. The number of community stations in England has continued to grow over 2007/08 - with the number of stations awarded now reaching 128 in total. Of these, over 80 stations are already broadcasting to local communities across the country.

Key points: telecoms

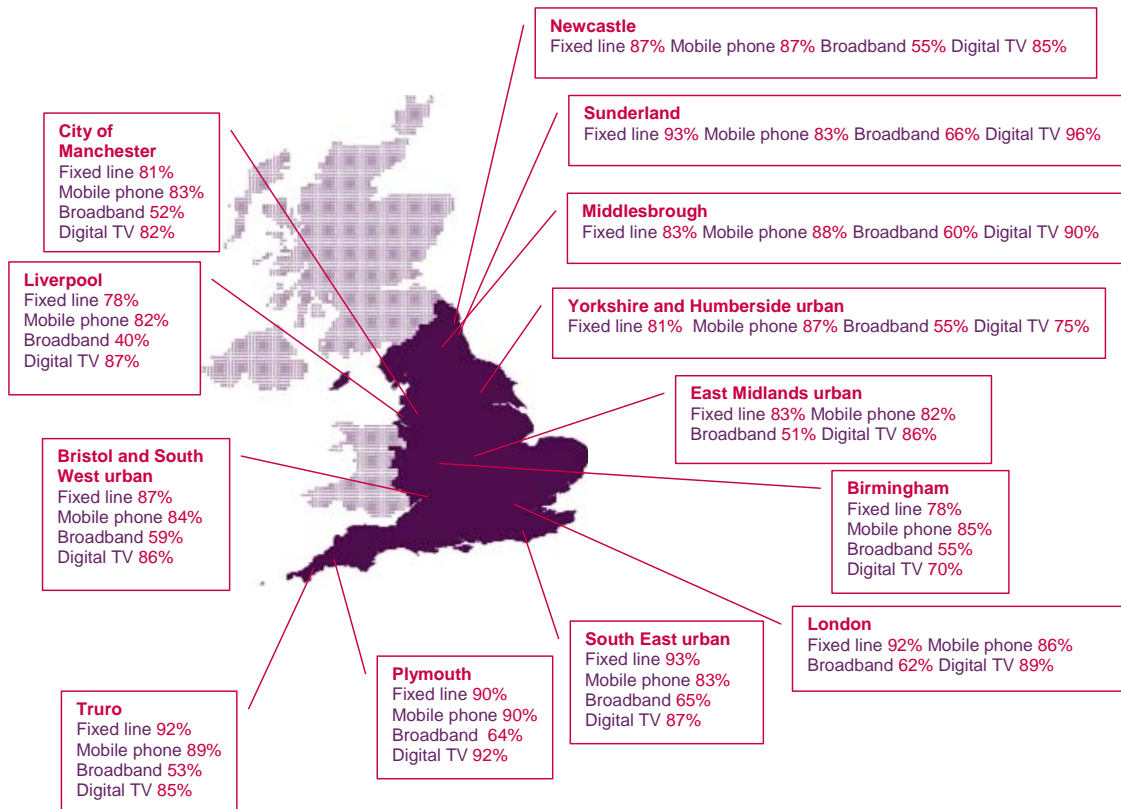
- **Telecoms take-up highest in England...**
England has the highest overall level of telecoms ownership across the UK: 87% of households have a fixed-line phone, 85% have a mobile phone, 66% have access to the internet and 57% have a broadband connection, according to the 2008 survey.
- **...but fixed-line ownership lower in urban areas**
The lowest levels of landline ownership are in large urban areas such as Greater Manchester (72%), Birmingham (78%) and Liverpool (78%), where adults are more likely than average to rely solely on a mobile phone. Mobile phone penetration varies across England, and is below 80% in the Midlands, Northumberland and Cumbria.
- **Broadband take-up continues to increase**
As in Scotland and Northern Ireland, broadband take-up in England rose by more than 10 percentage points between 2006 and 2008. It increased across most of the English regions, particularly in London, the South East, the East Midlands and the West Midlands. Growth in broadband has been particularly noticeable in rural areas, which, at 60% take-up, now matches urban areas (58%).
- **Satisfaction levels similar to rest of the UK...**
Overall satisfaction with landline services stood at 88% in England, broadly similar to the other nations and unchanged since 2006. Satisfaction with mobile reception in England was 87%, comparable to Wales, lower than in Scotland (93%) and higher than in Northern Ireland (78%).
- **...but satisfaction with broadband lower in rural areas**
The large majority of broadband customers are satisfied with the speed of their connection, but broadband customers in rural areas are less satisfied with their broadband speeds (80%) than those in urban areas (84%).
- **Local loop unbundling now up to 80% in England**
At the end of 2007 80% of UK households were connected to an unbundled local exchange - an increase from 67% at the end of 2006.

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1 English Regions: Setting the Scene

1.1 Profile of England



Size	130,395 km ²
Population	49.1 million
Population density	389 persons per km ²
Households	20.8 million
Average age (median)	39

1.2 Introduction

The English regions have varying features which influence and shape their communications services. The following sections analyse some of the socio-demographic characteristics that influence communications services across the English regions, including population, rural/urban split, socio-economic groups and age. Cultural, geographic and other features also influence communications services and a summary of these is also provided below.

1.3 Socio-demographic features

In mid-2006 (the most recent year for which statistics are available) the resident population of the United Kingdom was 60,587,000, of which 50,763,000 were in England (84%). The UK population continues to increase - there have been more births than deaths in the UK every year since 1901, with the exception of 1976, and as a result the population has grown due to natural change. In the year to mid-2006, births exceeded deaths by 159,000. This was the highest level of natural change since mid-1993. The rate of increase in England is expected to be 8% by 2016; lower in Northern Ireland, Scotland and Wales, and just 3% in Scotland. The current UK projection is for an overall population of 65 million by 2016.

The mid-2006 population of the constituent countries of the United Kingdom is estimated as follows:

	Population	Percentage of total UK population
England	50,762,900	83.8
Wales	2,965,900	4.9
Scotland	5,116,900	8.4
Northern Ireland	1,741,600	2.9
United Kingdom	60,587,300	

Source: Office of National Statistics

Figure 1.1 shows the distribution of the UK population according to the proportion of ABC1s and the percentage of the population living in urban areas. The proportion of ABC1s in a region has a significant impact on take-up of the internet, digital TV and digital radio.

Figure 1.1 The geographic and socio-economic profile of the UK



Source: Indicative analysis based on Business Geographics 'Urban Indicator' and Office of National Statistics, Census 2001 data (National Statistics website: www.statistics.gov.uk)
Crown copyright material is reproduced with the permission of the Controller of HMSO)

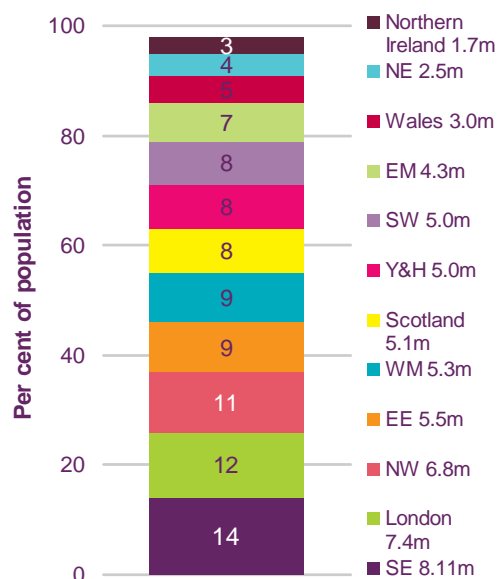
London, the South East, and the East of England have significantly higher than average proportions of ABC1s, at 63%, 62%, and 56% respectively (compared to an average of 54%). The North East and Yorkshire and the Humber stand out with the lowest proportions, at 47% roughly similar to Northern Ireland, Wales and Scotland. Average weekly household income in the English regions ranges from £676 in London to £406 in the North East.

With the exception of London, which is 100% urban, the regions vary in their proportion of rural population, from 6% in the North West to 23% in the South West, where the figure is higher than either Scotland or Wales. 'Rural' is defined as settlements of fewer than 2,000 people and more than ten miles from a larger settlement.

The age profile of the population in each of the English regions is broadly in line with the UK average, with the exception of London, which is skewed towards a younger population, and the South West, which is skewed towards an older population. This is reflected in median ages of 35 and 41 for these two regions respectively; the other regions are close to the overall UK median, at 38.

Figure 1.2 shows the population split by nation and region. The South East is the most populated English region, with just over 8.0 million people, followed by London, with over 7.4 million. The North East is the least populated region, at just over 2.5 million; only Northern Ireland has fewer people. The English regions together represent 83% of the population of the UK, spread across 20.8 million households.

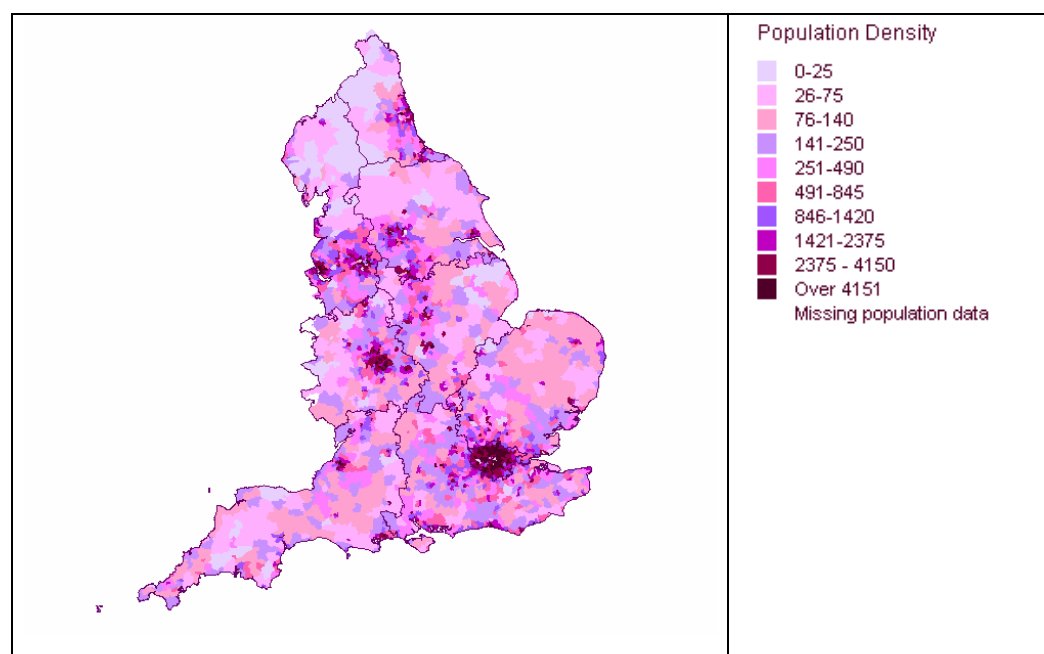
Figure 1.2 Population across the nations and regions



Source: Office of National Statistics, Regional Trends No 38, 2004 (National Statistics website: www.statistics.gov.uk Crown copyright material is reproduced with the permission of the Controller of HMSO)

Figure 1.3 shows areas of population density across the English regions. Density is greatest around the urban centres, particularly London, Liverpool, Birmingham and Leeds and also tends to be more concentrated towards the south.

Figure 1.3 Population density map



Source: Ofcom, based on Office of National Statistics 2001 Census data (National Statistics website: www.statistics.gov.uk Crown copyright material is reproduced with the permission of the Controller of HMSO)

Figure 1.4 shows that there is variation in average weekly household income and expenditure among the nations. England has the highest figures for both (£652 and £460 respectively).

Figure 1.4 Average weekly household income and expenditure



Source: Office of National Statistics

In 2007, the English region with the lowest employment was the North East, at 68.2%, and the region with the highest employment was the South East, at 79.3%.

One in three employee jobs in London in 2001 was in the financial and business services, compared with around one in eight in the North East (13.4%).

Manufacturing was highest in the East and West Midlands (20.4% and 19.9%), and lowest in London (6.5%).

London is also the region with the largest proportion of self-employed people (10.6% in 2003), twice that of the area with the lowest proportion, the North East (5.2%).

The median gross weekly earnings figures for 2005 show that male full-time employees are still earning more than their full-time female equivalents. This is true for every region and nation within the UK. The East and South East showed the largest differences in median earnings between the sexes (£124.30 and £128.30 per week respectively), while Scotland and Northern Ireland showed the least difference (£85.70 and £53.70 respectively).

In April 2005, median full-time earnings for males were highest in London, the South East and the East at £574.80, £521.20 and £500.00 per week respectively, all considerably higher than the UK median of £471.50. The lowest median earnings were in Northern Ireland, the North East and Wales at £409.50, £423.50 and £433.20 per week respectively.

Median full-time earnings for females were also highest in London, the South East and the East at £482.90, £392.90 and £375.70 per week respectively. These were the only regions where earnings were higher than the UK median of £371.80. The lowest median earnings were in the North East, Wales and the East Midlands at £328.40, £337.00 and £343.40 per week respectively.

Based on median gross weekly earnings, male full-time employees in the West Midlands earned almost the same as those in Scotland (£444.10 and £447.80 respectively). Female full-time employees in Wales earned almost the same as those in the Yorkshire and the Humber (£337.00 and £335.50 per week respectively).

Female full-time employees in the East Midlands also earned a similar amount to those in the West Midlands in 2005 (£343.40 compared to £345.50 per week). However male full-time employees earn more in the East Midlands (£455.30 compared with £444.10 per week in the West Midlands).

1.4 Features of the English regions

Geography

The full diversity of the UK landscape can be found within the English regions, even if their highest peaks cannot quite match those in Wales and Scotland. From the Lake District to the flat farmlands of the fens in East Anglia, there are examples of all types of rural and urban landscape. Geography affects the availability of some communications services, for example, mobile phone services in more rural areas such as the Borders and the South West. There are some restrictions in receiving terrestrial television and radio in areas with steep-sided valleys (such as the South West), and there are also some limitations on broadcasting certain analogue and digital terrestrial television signals near to the eastern and south-eastern coastlines, in order to avoid interference with European transmissions.

Language and culture

A key feature of the English regions is the diversity of ethnic groups that live within them. From the Asian concentrations in cities like Birmingham, Coventry and Leicester to the multiplicity of races found in London's conurbation and concentrated pockets such as the Italian communities around Bedford, the English regions' culture is enriched by many ethnic influences. The availability of different languages in the communications infrastructure, from instruction manuals to appropriate help at call centres, is a key issue for the provision of communications services. London has more than three times the national average of ethnic minority groups: 29% compared to the English average of 9%. This is demonstrated in Figure 1.5.

Figure 1.5 Resident population by ethnic group

	Eng	Lon	SE	SW	EM	WM	EE	YH	NE	NW
Per cent of population										
White	90.9	71.2	95.1	97.7	93.5	88.7	95.1	93.5	97.6	94.4
Mixed	1.4	3.2	1.1	0.8	1.1	1.4	1.1	1.0	0.5	0.9
Indian	2.1	6.1	1.1	0.3	2.9	3.4	0.9	1.0	0.4	1.1
Pakistani	1.4	2.0	0.7	0.1	0.7	2.9	0.7	2.9	0.6	1.7
Bangladeshi	0.6	2.1	0.2	0.1	0.2	0.6	0.3	0.2	0.2	0.4
Other Asian	0.5	1.9	0.2	0.1	0.3	0.4	0.2	0.2	0.1	0.2
Caribbean	1.1	4.8	0.3	0.3	0.6	1.6	0.5	0.4	0.0	0.3
African	1.0	5.3	0.3	0.1	0.2	0.2	0.3	0.2	0.1	0.2
Other black	0.2	0.8	0.1	0.0	0.1	0.2	0.1	0.1	0.0	0.1
Chinese	0.4	1.1	0.4	0.3	0.3	0.2	0.4	0.2	0.2	0.4
Other ethnic	0.4	1.6	0.4	0.2	0.2	0.3	0.3	0.2	0.2	0.2

Source: Office of National Statistics, 2001

Ethnic minority groups are considerably more likely to live in England than in the other nations of the UK. In 2001 they made up 9% of the total population in England compared with only 2% in both Scotland and Wales, and less than 1% in Northern Ireland.

The ethnic minority population of the UK is concentrated in the large urban centres. Nearly half (45%) lived in the London region in 2001, where they comprised 29% of all residents.

After London, the second largest proportion is in the West Midlands (with 13% of the ethnic minority population), followed by the South East (8%), the North West (8%), and Yorkshire and the Humber (7%).

In contrast less than 4% of those from ethnic minority groups live in the North East and the South West. Ethnic minority groups make up only 2% of each of these regions' populations.

Seventy eight per cent of Black Africans and 61% of Black Caribbeans live in London. More than half of the Bangladeshi group (54%) also lived in London. Other ethnic minority groups are more dispersed. Only 19% of Pakistanis reside in London, while 21% live in the West Midlands, 20% in Yorkshire and the Humber, and 16% in the North West.

1.5 Politics

There is no devolved government in the English regions, as there is in the nations, but a multi-tiered approach to social and economic decision-making across town, district, city and county councils, Regional Assemblies and Regional Development Agencies (RDAs). Voters in the North East were offered the opportunity to establish a form of devolved government in England via an enhanced version of the Regional Assembly, but rejected it in November 2004.

The English regions that make up the comparative geographic areas of this report follow the convention adopted by the Government Offices for the Regions (GORs). These were established across England in 1994, and in 1996 the regions covered became the primary classification for the presentation of regional statistics. At that time there were ten GORs; in 1998 Merseyside was merged with the rest of the North West, resulting in the nine regions covered in this report.

During 2007 the Government announced the appointment of Ministers for each English Region together with a series of recommendations for the future of the English Regions including:

- a new duty on local authorities to carry out an assessment of the economic challenges facing their areas;
- local authorities to be given greater powers and flexibilities to promote economic well-being, with better targeting of funding for deprived areas;
- support for sub-regions, including city-regions, to promote economic growth;
- exploring the potential for allowing groups of local authorities to establish statutory sub-regional bodies for economic development policy areas beyond transport; and
- a single regional strategy which sets out each region's economic, environmental and social objectives, led by the RDAs.

There are 529 MPs representing constituencies in England in UK Parliament (285 Labour, 194 Conservative, 47 Liberal Democrat, 1 Respect, 1 Independent and 1 vacant¹).

2 Recent developments in the English regions

2.1 Digital television

Whitehaven pilot

Digital switchover (DSO) is scheduled to start in 2008 in the Border region and to be complete by 2012. However, the borough of Copeland, whose principal town is Whitehaven, switched in 2007 as part of a pilot project; the BBC2 signal was switched off first on 17 October, followed on 14 November by the rest of the analogue channels. Whitehaven was selected because:

- it had virtually no digital TV available via aerial;
- It had a clearly defined area with little broadcast overlap and would not impact on other transmitters near by; and
- the population was already well prepared as was the first region due to switch nationally. Digital UK (DUK), which is leading the switchover process on

¹ The vacancy in Crewe and Nantwich was caused by the death of Gwyneth Dunwoody MP.

behalf of the Government, had already carried out marketing campaigns in the region and it has the highest levels of switchover awareness in the UK (82%, DUK/Ofcom Tracker Q2).

To ensure that everyone in Whitehaven was included in the switchover process, the BBC introduced a scheme for those who needed most help with converting to digital TV; over-75s, those with a significant disability and those who were registered blind or partially sighted.

DUK also launched a new communications campaign to coincide with the announcement of the Whitehaven switchover date. It included new television and radio trailers, sponsorship of Channel 4's afternoon quiz show *Countdown* and a schools scheme providing primary teachers with a range of switchover-themed materials linked to the National Curriculum.

The cost per home varied according to how many TVs and videos were in the household, and whether aerial work was required. Ofcom estimated an average cost of £130 per household nationally.

DUK estimated that less than 1% of homes did not have appropriate equipment at switchover and the switchover process was considered to have been successful. The next phase of switchover will take place in November 2008 with the single Selkirk main transmitter site (and its ten dependent relays) in the Border TV region, covering over 50,000 households.

ITV Local

ITV plc launched a pilot local broadband-delivered service in the Meridian region in October 2005. It offered a mix of local news, documentaries and selected programmes from Meridian's archive with some classified advertising, and aimed to exploit existing ITV regionally-generated material in a video-on-demand environment. It was principally targeted at Brighton and Hastings which had higher broadband access than the national average at the time – 28% compared to 22%.

The pilot generated between 85,000 and 100,000 viewings of video a month. ITV local is now available across England and has over 400,000 unique users who downloaded more than 2 million video clips in September 2007. Recent additional content includes travel news and business directories.

Other local TV developments

Ofcom has issued a number of location-based restricted TV service licences in various locations around the UK, which enable licensees to broadcast over a limited region (and in some cases for the duration of short-term events) on analogue spectrum. Solent TV handed back its licence in 2007, and there are now 11 restricted TV service licences in England.

ITV regional developments

In 2007 ITV plc proposed to Ofcom that from 2009 it would merge the Border and Tyne-Tees regions, and the West and Westcountry regions, effectively reducing the number of ITV regions by two. It also indicated a wish to phase out most of the news programmes produced in what are known as 'sub-regions'.

After consultations with Ofcom, viewer groups, MPs and other stakeholders, ITV plc has now put forward an alternative plan, which, while still effectively reducing the number of regions by two from 2009 would provide most of the regions with peak-time sub-regional or local 'opt-outs' news summaries, targeted at specific areas and included within regional news programmes. Overall ITV plc would provide 17 different versions of regional news services in England.

ITV London and Granada, with no existing sub-regions, would be unaffected by either the previous or current restructuring plan.

Ofcom recognises that the continued provision of regional news is one of the most important short-term issues in the public service broadcasting debates, and one that will require a clear decision by Ofcom, supported by significant evidence. We have launched an extensive research and evaluation programme, and in Phase 2 of our second Review of Public Service Broadcasting (to be published in the autumn), we will publish for public consultation our preferred policy option for regional news provision in England and the Border region.

Radio

Radio station launches

A number of FM local radio stations have launched since May 2007 - Minster Northallerton (Northallerton), Smooth FM (Northeast England), KCFM (Kingston-upon-Hull), Exeter FM (Exeter), Original 106 (Bristol), Jack FM (Oxford/South Oxfordshire), Southend Radio (Southend) and City Talk (Liverpool), the latter being the first 24-hour 'talk' station outside London

Licence awards

In July 2007 a national DAB radio multiplex award was made to 4 Digital UK. The service is due to be launched later in 2008; its estimated that the network of transmitters will provide an estimated 'outdoor' coverage to 88%, and 'indoor coverage' to 79% of the UK adult population.

Local radio DAB multiplex awards have been made during 2007 and early 2008 for Lincolnshire, Gloucestershire, North Yorkshire, Oxfordshire, Northamptonshire, Herefordshire (with Monmouthshire), West Cheshire (with North East Wales), Derbyshire, Hertfordshire, Buckinghamshire and Bedfordshire.

Since May 2007 nearly 50 community radio licences have been awarded across the UK, over 20 of these in the English regions particularly in the North East and North West. Over 100 community radio licences have now been awarded, covering a wide variety of audiences and interests.

Future of radio

In February 2008, following extensive consultation, Ofcom published its *Future of Radio* statement, which examined the definition of 'localness' for radio stations. The importance of local content on the radio was emphasised during the severe floods of 2007, when local stations provided weather and emergency information for listeners.

The future of digital radio came under scrutiny in 2008 with GCap's announcement of the closure of some digital-only services and the sale of its national DAB multiplex. The government, following the successful commencement of digital switchover in television, has established a Digital Radio Working Group to look at digital radio in depth; it will report at the end of 2008.

Broadband

Since Ofcom's September consultation on the future of broadband development: *Next Generation Access* there have been a number of major investment announcements.

Virgin has announced proposals to upgrade its cable network and is testing 50Mbps/s internet connections in Ashford, Kent in a trial that will run from October until the end of December. Trials will follow in Folkestone and Dover.

H2O has announced plans to use sewers to deploy fibre links to homes starting in September 2008 in Bournemouth, Northampton or Dundee, which will deliver speeds of about 100Mbps/s.

Quintain has announced proposals to roll out point-to-point fibre to a new development of 4,500 houses in Wembley City.

BT has announced a fibre-to-the-home development in Ebbsfleet, a new-build property development. The first homes are due to be connected in August 2008; the total development will comprise up to 9,500 new homes, commercial offices, retail premises, community and leisure facilities.

Regional developments since the 2007 report

The following is a round-up of some Regional Development Agency initiatives identified since the last report was published. As with last year's edition, this is not intended to be a comprehensive list.

In May 2007 the BBC confirmed that it would transfer 1,500 staff from London to Salford by 2011. The 200-acre site, at Salford Quays (known as MediaCity:UK), was selected in June 2006, and will house five departments – children's, sport, new media, research and development, and Five Live and Five Live Sports Extra, along with BBC Manchester's existing local, regional and network programmes departments.

The BBC intends that its increased presence in the North of England may encourage the further development of a new media 'hub' including independent production companies; the area is already home to the commercial radio station Century FM. The North West RDA figures estimates that an internationally competitive media hub in Salford could provide employment for 15,500 people and add £200m a year to the regional economy.

The BBC's decision has already triggered a programme of private and public sector investment in the region's digital and creative industries and telecommunications infrastructure. In addition to the direct investment in infrastructure on the MediaCity:UK site, the North West RDA, Yorkshire Forward and One North East, have invested £3.7m in a fibre optic network to link a number of Media Enterprise Centres (MECs) at MediaCity:UK to cities across the North of England. Six initial

locations (Liverpool Digital, MediaCity:UK, the Round Foundry in Leeds, Sheffield, Middlesbrough and Newcastle) will be joined by an additional eight or nine sites. Together the MECs and the 'Northern Net' will provide access to technology previously out of reach of small businesses, and facilitate collaborative research and development between industry and academia.

One North East has funded Catalyst a project designed to make local small businesses aware of the benefits of broadband, information and computer technology (ICT) and e-business tools, and to encourage the creative use of technology to improve business performance, sustainability and productivity. It has also funded the *Digital Media Archive* project, to provide the infrastructure for a digital archive and technology conversion platform within the region, aiming to outside investment to the North East.

Yorkshire's *Digital Region* is a public sector-led next generation broadband project which aims to provide an open-access, high-speed service for people living and working in the region.

Now that broadband rollout in the South West of England is complete, over 21,000 businesses are able to use the internet to improve their operations. The *Connecting SW Partnership Programme* has stimulated sufficient demand for telecommunications providers and internet service providers to invest to provide broadband services, and South West England now has the highest broadband take-up alongside London, according to an ONS survey in 2007. The South West of England RDA has recently commissioned its 2008 ICT Benchmarking Survey.

The London DA Creative Industries team has developed a number of initiatives and projects intended to help businesses make optimum use of the digital technologies. These include the *Digital Bureau*, which is helping London's music labels and companies to better distribute, market and sell their products through digital channels, and *Creative Labs*, which is holding workshops in which creative businesses can develop new types of interactive media.

3 Comparative Analysis

3.1 Key Statistics

Figure 3.1 Key Statistics

	England 2007*	England 2008	England % point change	UK 2008
Convergence	% of adults (unless stated)	% of adults (unless stated)		% of adults (unless stated)
Use of VoIP at home	11%	13%	+2%	12%
Watching video content online	Not available	30%	N/A	30%
Listening to the radio online	Not available	13%	N/A	13%
Internet access with a mobile phone	Not available	21%	N/A	20%
Watching video on a mobile phone	Not available	4%	N/A	4%
Listening to audio content on a mobile phone	Not available	17%	N/A	17%
Use of social networking sites	Not available	21%	N/A	20%
Television	75%	86%	+11%	
Digital Television ownership	47%	47%	0	85%
Pay TV subscription	75%	86%	+11%	49%
Average hours viewed per day	47%	47%	0	3.6 hours

The Communications Market: Nations and Regions 2008
English Regions

Radio				
DAB set ownership (among radio listeners)	19%	22%	+3%	22%
Average hours listened to per week	23.4 hours	23.5 hours	+ 0.1 hour	23.5 hours
Telecommunications				
Fixed line phone at home	90%	87%	-3%	87%
Mobile phone ownership	81%	85%	+4%	84%
3G phone ownership	15%	18%	+3%	17%
Internet at home	62%	66%	+4%	65%
Broadband at home	45%	58%	+8%	57%

*Survey data reported in the 2007 report was based on data from a survey conducted during 2006

A note on the English regions survey data

We conducted a face to face survey of 5,812 adults in the UK with 3,447 conducted in England. Fieldwork took place in January and February 2008.

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

The North West, North East and South West regions were over-sampled. This is to allow more detailed analysis within those areas. In future years other regions will be picked for detailed analysis

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.

Last year's Nations and Regions Communications Market Report referred to data from a survey that was conducted throughout 2006, so figures were effectively an average across 2006. This year's survey was conducted within a much shorter time frame (January – February 2008). Year on year comparisons should therefore be treated with caution.

Annex 1 contains full details of the survey methodology and error margins.

This year we have focussed on the South West, North West and North East regions in our survey. A brief summary of the differing levels of communications services take-up in these regions follows. In addition to this, the data is referred to throughout the comparative analysis section of the report.

South West region profile

The South West is England's largest geographic region, covering around 18% of England's land mass. The most rural of England's nine regions, it has a population of 5.1 million people, a third of whom are clustered around the urban centres of Bristol, Bournemouth, Poole, Plymouth, Swindon, Gloucester, Torbay, Cheltenham and Exeter. Gross Value Added is lower than the England or UK average. The South West has the highest proportion of retired people of any part of the UK. Only Bristol and Gloucester had more than a twentieth of their population from a minority ethnic group.

The South West has more miles of fibre optic cables than any other part of the UK. It is the leading English regional centre for the production of day time TV, alongside a strong production base for wildlife films and documentaries (25% are produced in the region). New research facilities from HP contribute to a strong technology R&D focus, alongside new facilities such as the Pervasive Media Studio.

In our data set, the South West region includes urban South West, Plymouth, Truro, rural Devon and Cornwall, and other parts of the rural South West.

Figure 3.2 Take-up of communications services in the South West

	England	SW	Bristol and SW urban	Plymouth	Truro	Rural Devon/ Cornwall	Other SW rural
Digital TV	85%	87%	87%	92%	85%	87%	89%
Fixed line phone at home	87%	89%	87%	90%	92%	99%	93%
Mobile phone ownership	85%	85%	84%	90%	89%	90%	88%
Mobile only	12%	10%	13%	10%	7%	1%	7%
Broadband at home	57%	60%	59%	64%	53%	65%	65%

Digital TV

Take-up of digital TV in the South West was broadly similar to the England average – 87% and 85% respectively. There were indications of higher take-up in Plymouth which stood 7 percentage points above the England average. Parts of the rural South West, with the exception of Devon and Cornwall also indicated higher than average take-up of digital TV. All other regions reported broadly similar take-up levels to England as a whole.

Telephony

People living in the South West were as likely as average to own a fixed-line phone. However, common with the rest of England rural parts of the South West had significantly higher than average take-up and reached 99% in rural Devon and Cornwall. In comparison, urban areas had lower landline ownership although this was slightly higher than average in Plymouth (90%) and Truro (92%).

Mobile ownership in the South West was equal to the England average. There was little difference in ownership levels when comparing urban and rural parts of the South West. Adults living in rural Devon and Cornwall were as likely as those in Plymouth to own a mobile – 90% each.

Adults in the South West were as likely as average to rely solely on mobile telephony – 10% compared to the England average of 12%. However, some parts of this region showed a lower than average preference for mobile only use. Unsurprisingly mobile only ownership was lowest in rural Cornwall and Devon (1%) where almost everyone had a landline. Other parts of the rural South West, and Truro were also significantly less likely to rely solely on a mobile phone – at 7% each. These findings are consistent with the generally higher reliance on mobiles reported in cities across England.

Broadband

The South West had higher than average internet take-up and ownership of broadband. Broadband ownership in the South West rose 13 percentage points over the last year to stand at 60%.

Truro reported the lowest levels of broadband ownership in the South West, at 53% while the highest levels were noted in rural parts of the region (65%). Urban areas tended to have lower take-up, averaging at 59%, the exception being Plymouth.

Broadband take-up in Plymouth stood at 64% and was comparable with rural areas and significantly higher than other urban parts of the South West.

North West region profile

The North West covers Greater Manchester, Merseyside, Cheshire, Cumbria and Lancashire. It has a population of 6.7 million people, 60 per cent of whom live in the two core conurbations of Greater Manchester and Merseyside. The North West contributes approximately 9.9% of UK Gross Value Added.

The North West has the biggest film and television production industry outside of London. Approximately 30,000 creative and technologically innovative SMEs operate major media rights owners such as ITV Productions, Sony Computer Entertainment and Lime Pictures (All3Media). The BBC will become the principle tenant of the new *mediacity:uk* development in Salford Quays when it moves over five departments, including Children's, Future Media and Technology, Learning, Sport and Radio Five Live). The move is scheduled to be completed by 2011.

In our data set, the North West region includes Greater Manchester, City of Manchester, Liverpool, rural Cumbria, and other parts of the rural North West.

Figure 3.3 Take-up of communications services in the North West

	England	NW	Gtr Manchester	City Manchester	Liverpool	Rural Cumbria	Other NW rural
Digital TV	85%	90%	84%	82%	87%	70%	93%
Fixed line phone at home	87%	79%	72%	81%	78%	90%	93%
Mobile phone ownership	85%	87%	82%	83%	82%	79%	86%
Mobile only	12%	21%	28%	19%	21%	9%	7%
Broadband at home	57%	48%	44%	52%	40%	54%	66%

Digital TV

Take-up of Digital television in the North West was significantly higher than average. Take-up was close to the England average in Greater Manchester and Liverpool, and a little lower in the City of Manchester.

Rural areas in this region appear to have driven the higher than average take-up, although in rural parts of Cumbria take-up was significantly lower than average (70%), while other rural areas in the region had a much higher take-up (93%).

Telephony

The North West had significantly lower than average take-up of landline phones. Take-up was particularly low in Manchester (72%) and Liverpool (78%).

Consistent with findings in other regions, rural parts of the North West were significantly more likely than average (and than urban areas) to own a landline. Landline ownership stood at 90% in rural Cumbria and averaged at 93% across other rural parts of the North West.

Mobile ownership in the North West was broadly similar to England as a whole (87%). Rural parts of Cumbria reported take-up slightly lower than urban areas at 79%. The average level of take-up across other rural parts of the North West was

significantly higher and equalled the England average (86%). In urban areas mobile ownership ranged from 82-83%.

As a consequence of lower landline ownership, more consumers in this region relied solely on a mobile phone; almost twice the England average at 21%. Greater Manchester reported the highest levels of mobile only use across the North West and also the highest in England. 28% of adults in Greater Manchester only had a mobile phone at home, the second highest levels were seen in Liverpool (21%) and the City of Manchester (19%).

Sole reliance on mobile phones was highest in urban areas where landline penetration was at its lowest. Rural areas of the North West were less likely than urban parts of this region to rely solely on a mobile phone and reported figures just below the English average of 9% in Cumbria and 7% across other rural parts of the North West.

Broadband

Broadband ownership was significantly lower than average in the North West and stood at 48%. Take-up was lowest in Liverpool (40%) and Greater Manchester (44%) while rural areas, except Cumbria, reported levels higher than the English average at 66%. In general urban areas were less likely to have broadband than rural parts of the North West.

The North West was one of only two regions in England where broadband take-up had remained static since 2006.

North East region profile

The North East is one of England's smallest regions at around 8,500 square kilometres. The two main centres of population are the conurbations that grouped around the Tyne and Tees rivers, taking in Newcastle, Sunderland, Middlesbrough and Stockton. The region is home to 2.6 million people. It has the lowest Gross Value Added per head of any part of England.

The region is home to a number of technology operations such as Sage and Leighton alongside new developments such as DigitalCity in the Tees Valley and a growing video games production sector. The region is also planning a high capacity fibre network linking in conjunction the North West and Yorkshire regions, linking creative clusters to the mediacity:uk development in Salford.

In our data set the North East region includes; Newcastle, Sunderland, Middlesbrough, rural Northumberland, and rural Durham.

Figure 3.4 Take-up of communications services in the North East

	England	NE	N'castle	S'land	M'boro	Rural Nthld	Rural Dham
Digital TV	85%	88%	85%	96%	90%	85%	89%
Fixed line phone at home	87%	84%	87%	93%	83%	89%	82%
Mobile phone ownership	85%	83%	87%	83%	88%	78%	83%
Mobile only	12%	14%	13%	7%	16%	11%	16%
Broadband at home	57%	54%	55%	66%	60%	54%	54%

Digital TV

The North East had the highest take-up of digital television in England at 88% and Sunderland had the highest take-up of the cities we analysed in the UK at 96%. Newcastle and rural Northumberland reported the lowest digital TV penetration in this region although these were equal to the England average of 85%.

Telephony

The North East had significantly lower than average take-up of landline telephony (84%) with the lowest levels being reported in rural parts of Durham (82%) and Middlesbrough (83%). Sunderland was the only area with higher than average landline ownership (93%). All other parts of this region had levels broadly similar to average.

There were indications of lower than average take-up of mobile phones in the North East. The lowest levels were noted in rural Northumberland (78%). With the exception of Sunderland, where people appeared to place higher reliance on landlines than mobiles, mobile ownership was higher in urban than rural areas.

There were also indications of higher reliance on mobile telephony in the North East (14%) compared to average (12%). Middlesbrough had above average ownership of mobile phones which combined with lower landline ownership resulted in a higher reliance on mobiles in this region – 16% of adults only had a mobile at home. People living in rural parts

of Durham were as likely as those in Middlesbrough – 16% - to rely solely on a mobile phone.

Broadband

Broadband ownership in the North East was lower than the England average although some urban parts of this region reported significantly higher take-up. Adults in both Sunderland (66%) and Middlesbrough (60%) were more likely than average and than rural areas of this region to have broadband. Despite higher than average ownership of PCs in Newcastle, internet and broadband ownership were below the England average. Ownership in rural areas was broadly similar to Newcastle and the average for this region.

3.2 Converging Communications Markets

Introducing convergence

This chapter analyses what convergence means for the supply and demand of communications content and services in England.

Figure 3.5 Delivering audiovisual and voice services to consumers



Source: Ofcom

Content and packaging

This section looks at how radio stations, television channels and local and regional newspapers are taking advantage of the ways in which content is being created, distributed and received. We then look at ways in which consumers are creating and interacting with content based on their regional interests.

Radio

Many local and regional radio stations in England use the internet to appeal to a wider audience for their content, and repackage their content for this purpose. For example the combined online offerings of the Capital, Magic and Heart radio stations in the London region include the following features:

- listen live;
- song search by time played;
- podcasts;
- studio webcam;
- picture galleries;
- video clips;
- ticket search and sales;
- music downloads;
- blogs;
- listener forums; and
- classified ads

Recent market developments suggest that regional and local radio stations will continue to develop their online propositions. For example, in February 2008, GCap, which owns a number of regional stations, said that it would focus on broadband as a platform for expansion, and in March 2008 it announced that it had acquired a majority stake in the local social networking website company, welovelocal.com. In February 2008 UTV Media announced the acquisition of Tibus, a web development company which it said would enhance the online proposition of its television and radio stations and facilitate greater integration of media across online and broadcast platforms. BBC local radio stations are also available over the internet.

Television

A few of the local TV channels, including Channel M (Manchester) and Channel 7 (Lincolnshire), make selected video content available online, but the regional propositions of the national broadcasters are more advanced.

In 2007 the roll-out of the ITV Local websites was completed. There is a specific website for each of the ITV regions, and each site hosts video clips of local news, sport and weather as well as live webcams and traffic and travel information. The websites also offer RSS feeds, local blogs and user-generated content fora, where viewers can upload their own video clips. According to ITV's 2007 results, by the end of the year the ITV local websites were reaching a total of 750,000 unique users per month.

The BBC makes its regional TV news bulletins (e.g. *Look North*, *South Today* and *Spotlight*) available via its local news websites, which also feature video reports of individual stories. In October 2007, as part of its 'Delivering Creative Future' plan, the BBC announced that it was planning significant investment to develop an online multimedia interactive offering, called MyLocalNow. This project would be subject to approval by the BBC Trust.

Newspapers

Digital publishing is increasingly becoming a core part of the regional newspaper business. According to the Newspaper Society, at the end of 2006 there were 1,303 regional newspaper hard copy titles and 1,102 regional newspaper websites, offering a wide range of content and functions. The table below lists some of the online services provided by newspapers in the regions where we conducted consumer research. The newspapers selected are not intended to be representative of the entire output of either the relevant region or the newspaper group, but indicate the range of digital services on offer.

Figure 3.6 Online content and functionality offered by selected regional newspapers

Region	Newspaper	Group	Website	Podcasts	Video	Blogs	RSS	UGC photos/video	Forum	Digital edition
London	Evening Standard	AN	Yes		Yes	Yes	Yes		Yes	Yes
South East	Brighton Argus	NQ	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Bristol	Bristol Evening Post	NN	Yes	Yes	Yes		Yes			Yes
Plymouth	Plymouth Evening Herald	NN	Yes	Yes	Yes	Yes	Yes		Yes	
Truro	Truro Packet*	NQ	Yes		Yes	Yes	Yes	Yes		
East Midlands	Leicester Mercury	NN	Yes	Yes			Yes			
Birmingham	Birmingham Evening Mail	TM	Yes		Yes	Yes	Yes	Yes	Yes	Yes
West Midlands	Express and Star	MNA	Yes		Yes	Yes	Yes	Yes		Yes
East of England	Eastern Daily Press	AR	Yes		Yes	Yes	Yes		Yes	Yes
Yorkshire and Humber	Yorkshire Evening Post	JP	Yes		Yes		Yes	Yes		
Newcastle	Newcastle Evening Chronicle	TM	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
Sunderland	Sunderland Echo	JP	Yes	Yes	Yes		Yes			Yes
Middlesbrough	Evening Gazette	TM	Yes		Yes	Yes	Yes	Yes	Yes	Yes**
Manchester	Manchester Evening News	GMG	Yes		Yes	Yes	Yes	Yes		
Liverpool	Liverpool Echo	TM	Yes		Yes	Yes	Yes	Yes	Yes	
Devon and Cornwall	Exeter Express and Echo	NN	Yes		Yes		Yes			
Northumberland	Northumberland Gazette	JP	Yes		Yes		Yes	Yes		
County Durham	Northern Echo	NQ	Yes	Yes	Yes	Yes	Yes		Yes	
Cumbria	Carlisle News and Star	CN	Yes		Yes	Yes	Yes		Yes	

Source: Ofcom

Note: Newspaper websites are evolving continuously. The above functionality is accurate as of March 2008. * The website for the Truro Packet is shared with fellow Packet newspapers for Falmouth, Helston and Camborne Redruth. ** Via pressdisplay.com.

Key

- AN = Associated Newspapers
- AR = Archant
- NQ = Newsquest
- NN = Northcliffe Newspapers
- JP = Johnston Press
- GMG = Guardian Media Group
- TM = Trinity Mirror
- MNA = Midland News Association
- CN = Cumbrian News Group

The audiovisual content available on newspapers' websites comes from a variety of sources. National news is generally syndicated from a national source like the Press Association. For regional news, some newspapers like the Plymouth Evening Herald and Packet Newspapers film their own footage of stories that appear on their websites, whereas others, such as The Argus in Brighton, The Forester in Gloucester and the Bristol Evening Post also present their own bulletins. KOS Media, publishers of the Kent on Sunday series of newspapers, has launched its own online TV channels – Sport TV, Business TV, Property TV, Motors TV, Leisure TV and Your Kent TV – which are available through the main newspaper's website.

Regional newspapers' investment in digital media does not yet appear to be generating significant revenue. At £2.8bn, advertising and sponsorship revenue accounted for almost 75% of regional newspapers revenues in 2006, but only 2.5% of this (£71m) was generated by online advertising.

However, there are now signs that the regional newspaper groups are trying to increase their online advertising revenues, particularly in classified advertising. For example Archant, Johnston Press and Trinity Mirror have all recently launched websites dedicated to key classified categories of property, jobs and cars. Trinity Mirror's 2007 annual report cites the launch of such sites as being one of the contributory factors to a year-on-year increase in digital revenues of 33.3%.

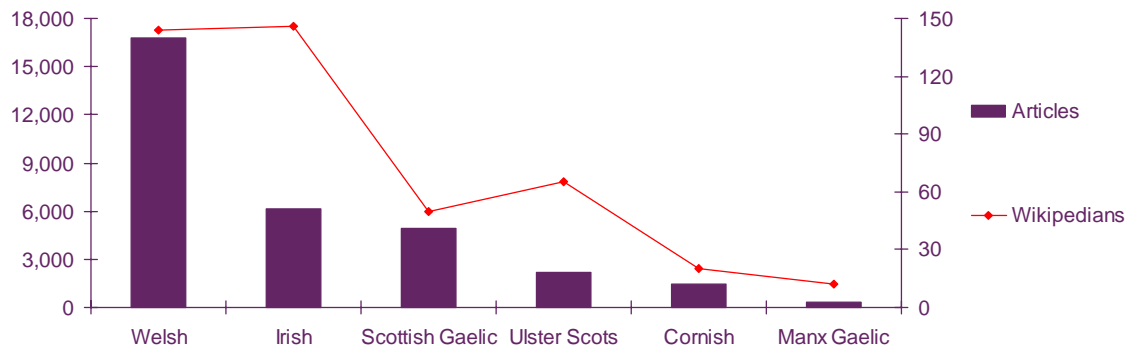
Some enterprises which own regional newspapers have a portfolio of media outlets across several platforms. For example the Midlands News Association owns several local radio stations as well as regional newspapers. Guardian Media Group owns regional newspapers, regional radio stations and a local TV station. Consequently, these enterprises can exploit their content across their whole range of platforms; for example, the video news on the Manchester Evening News website is produced in association with Channel M, the local TV station owned by the same group.

User-generated content

As the level of user-generated content available on many local newspaper sites demonstrates, we are not only consumers of region-specific content, but also creators of it. Many websites offer individuals the opportunity to upload content relating to a particular regional area or interest. For example, anyone can upload photos to the Flickr website and label or 'tag' them with a particular region e.g. York, Cotswolds or Cornwall.

Another website which allows a large group of users to post content online is Wikipedia, versions of which exist in many different languages including most of the minority languages spoken in the UK. The numbers of articles on Wikipedia in these indigenous languages, as well as the number of contributors to each linguistic version, are shown in Figure 3.7.

Figure 3.7 Indigenous language Wikipedia articles and contributors, Jan 2008



Source: Wikipedia

Note: English is not shown as the high numbers mean it is impossible to show on the same scale as other indigenous languages.

Consumption

This section begins by looking at the types of communications services that are purchased and consumed together in 'bundles'. We will then review how consumption of selected converged services varies by region. The services covered are:

- those delivered over the internet, including voice calls, audio and audiovisual content;
- those delivered to the mobile handset, including data in the form of web pages, audio and audiovisual content; and
- social networking sites, which can be accessed via several distribution networks including internet and 2G and 3G mobile technologies.

Communications service bundles

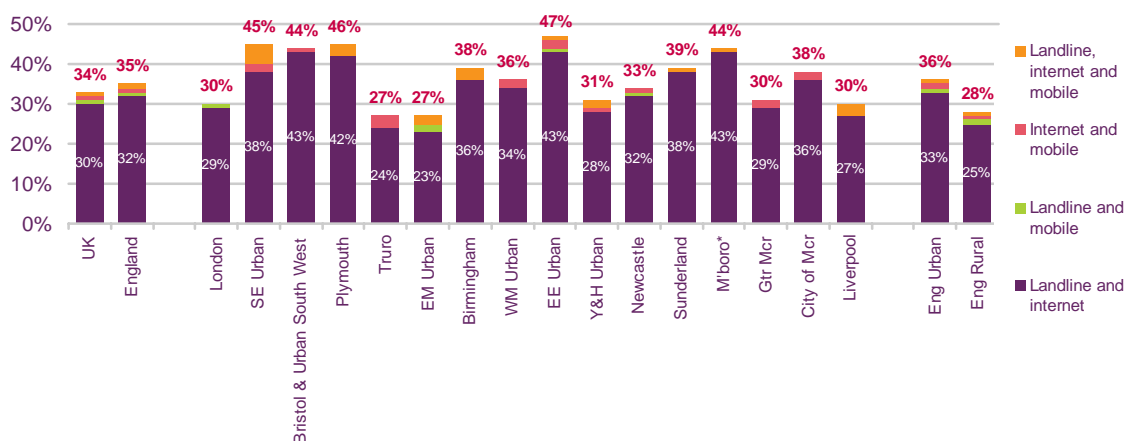
Convergent technologies allow delivery of multiple content types over mobile networks. Many operators are seeking to exploit this by expanding into adjacent markets and offering 'bundles' of communications services.

Purchasing bundles of communications services

A third (35%) of adults in England have purchased at least two of their telecoms services (landline, mobile or internet) from the same supplier as a single package. Bundles of landline and internet services are the most popular across the UK.

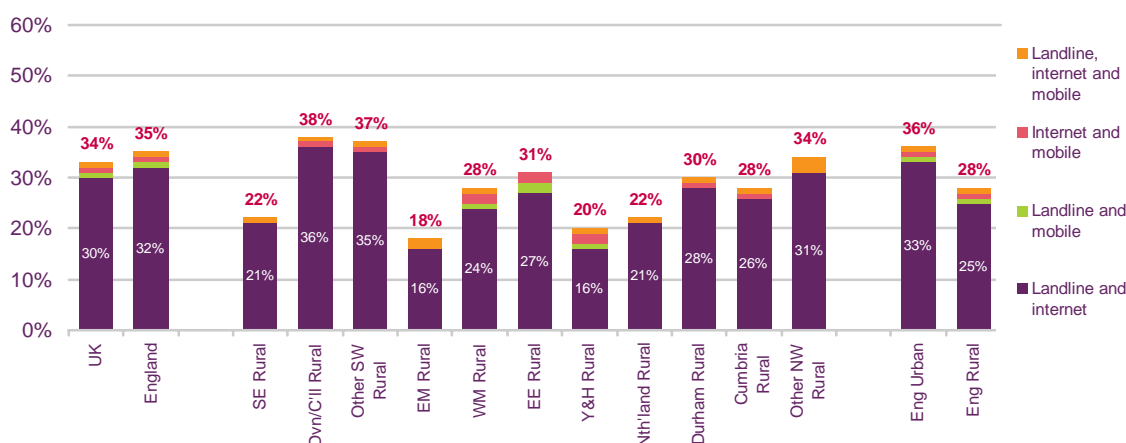
Bundled purchasing of telecoms services is higher in England than in each of the other nations, and is more popular in urban areas of England, driven largely by a handful of sub-regions. For example, urban parts of East England have higher than average bundling of landline and internet services, so driving bundling in this region is significantly higher than average. In the South East bundled purchasing includes a higher than average proportion of triple play bundling of fixed-line, internet and mobile services.

Figure 3.8 Bundling of telecoms services – urban England



The rural parts of the South East, East Midlands, Yorkshire and Humber and Northumberland were least likely to purchase any bundles of services.

Figure 3.9 Bundling of telecoms services – rural England



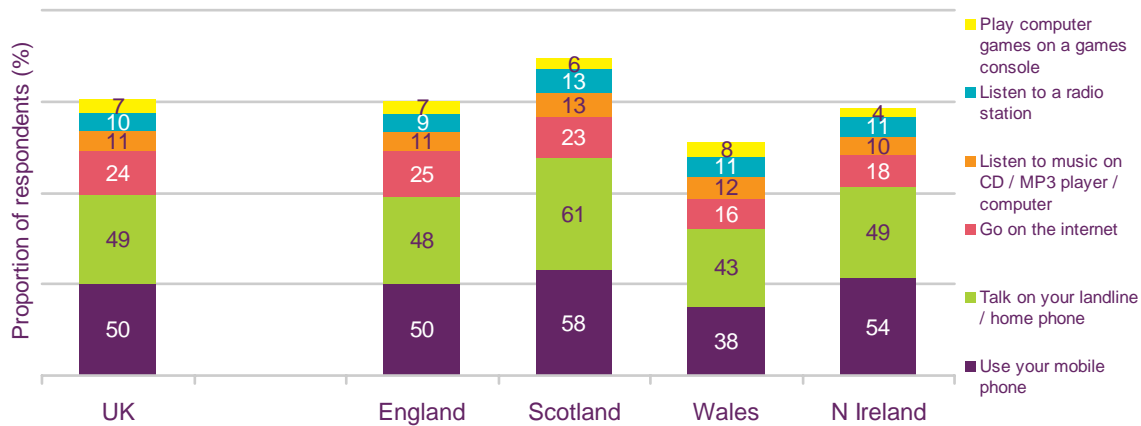
Source: Ofcom. Base: Adults aged 15+

Media stacking

The increasing range and ubiquity of communications services means that multiple media can be consumed concurrently. This is often termed 'media stacking', and is a widespread phenomenon among UK adults as indicated by Figures 3.10 and 3.11.

The most popular activity to combine with watching TV is talking on the phone, whether a mobile phone or landline. Approximately half of all adults in England say they talk on a mobile or a landline while watching TV; this is lower than the equivalent figure for adults in Scotland, but higher than the comparative figure in Wales.

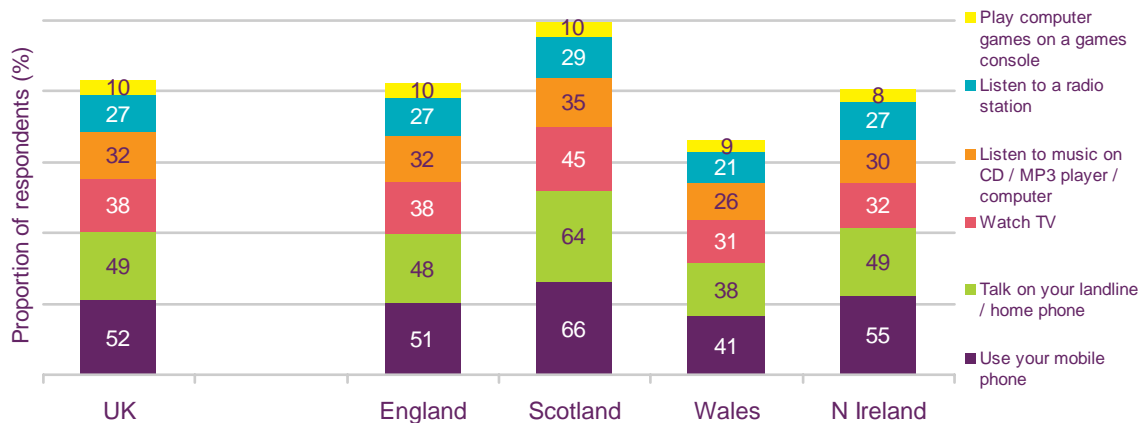
Figure 3.10 Use of other media while watching TV



Source: Ofcom

Similar trends can be seen in the use of other media while using the internet, with roughly half of adults in England saying that they have talked on a mobile phone or landline while using the internet. Adults in Scotland are most likely to combine another media activity with internet use while adults in Wales are least likely to do so.

Figure 3.11 Use of other media while using the internet



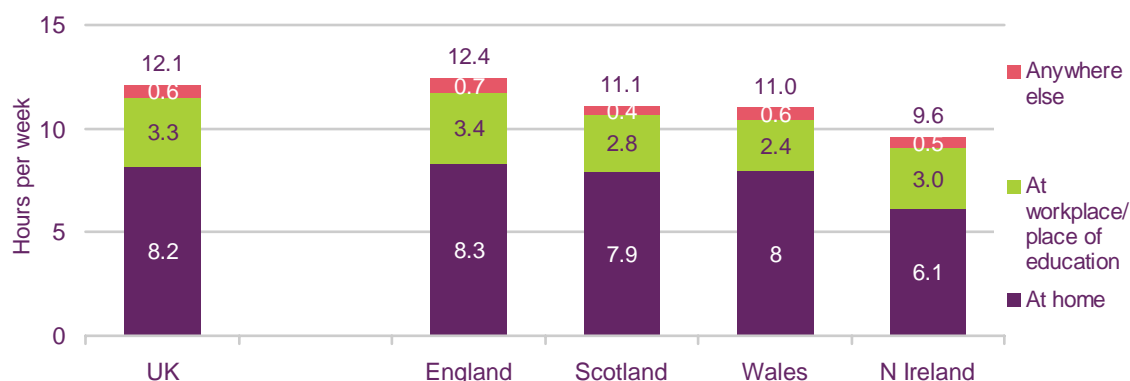
Source: Ofcom

Internet

Consumers can make phone calls, listen to the radio, and watch video over the internet. This section looks at time spent and activities carried out on the internet, before looking at the consumption of voice, audio and video content in particular.

According to self-reported estimates, the average time spent online by an adult in England who uses the internet is 12.4 hours a week, with over two-thirds of this time being spent at home. Adults who use the internet in England spend on average at least 1.3 hours more time online than those in the other nations.

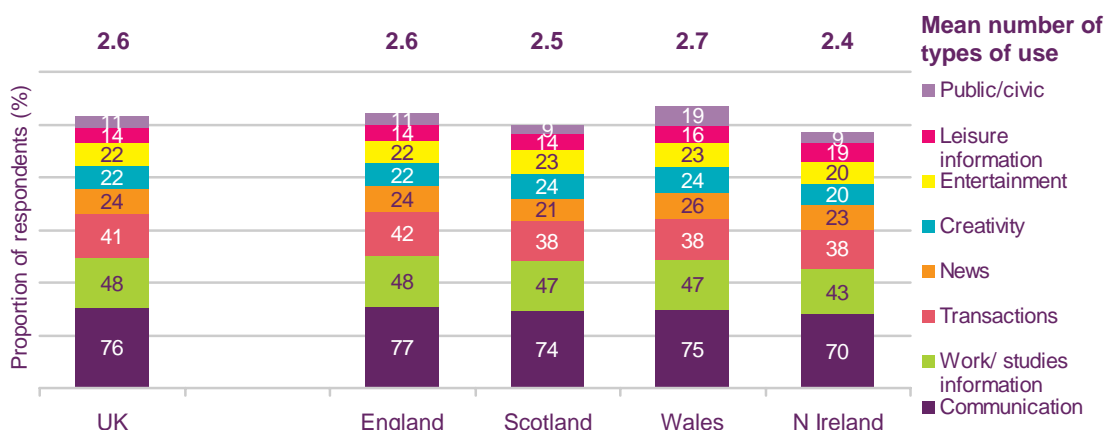
Figure 3.12 Time spent online



Source: Ofcom. Base: all adults with internet.

Across all nations, the most common use of the internet is for communication; in the form of email, instant messaging or chat rooms, with 70% of adults in England saying they use it for this reason. Across the UK, consumers use the internet for a variety of purposes, as shown in Figure 3.13.

Figure 3.13 What the internet is used for



Source: Ofcom

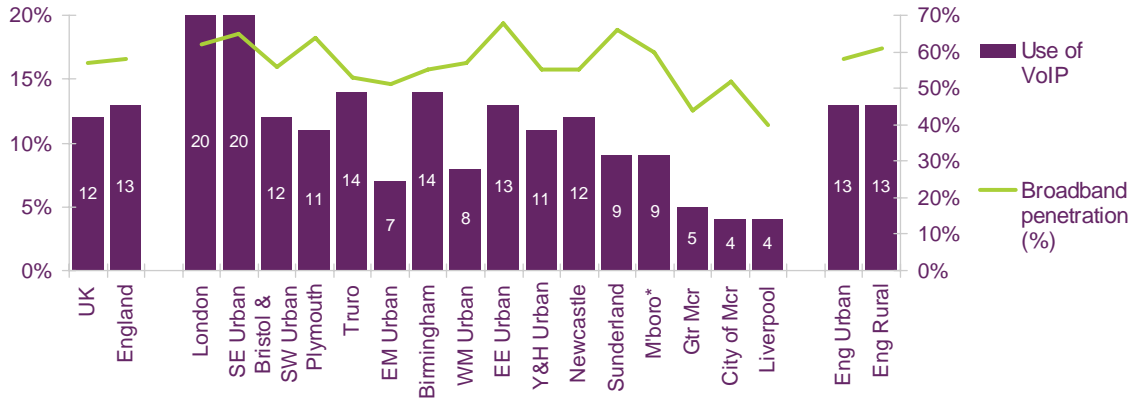
Use of internet to make phone calls (VoIP)

Just over one in ten (13%) adults in England said that someone in their household had made a voice call over the internet (VoIP). Five per cent had subsequently stopped using these services. Use of VoIP in England is higher than in Northern Ireland (9%) and broadly similar to the other nations; current use remained stable between 2006 and 2008 at about 8%.

VoIP use is highest in London (20%), the South East (20%) and rural parts of East England (18%). Some of the lowest levels of VoIP use were reported in Manchester and Liverpool (4%-5%).

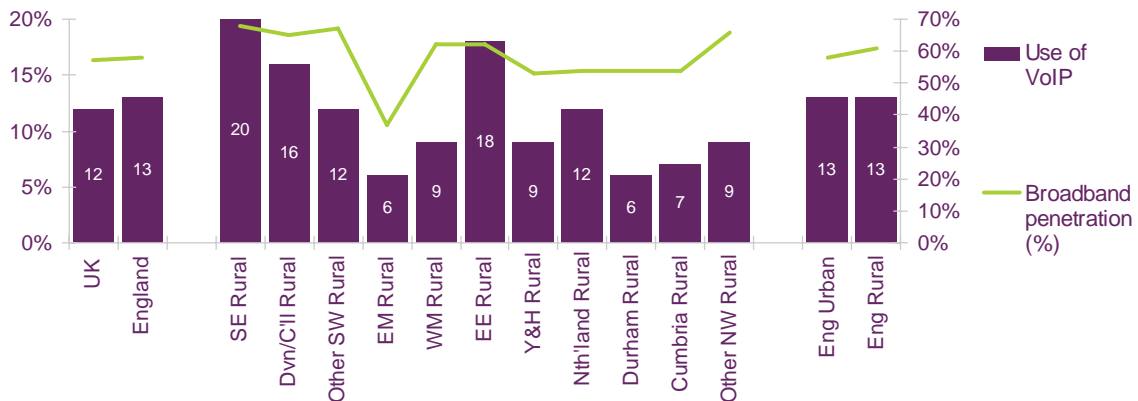
Areas with higher broadband ownership tended to be those most likely to use VoIP services.

Figure 3.14 Proportion of adults living in a household that has used Voice over IP



Source: Ofcom. Base: Adults aged 15+

Figure 3.15 Proportion of adults living in a household that has used Voice over IP



Source: Ofcom. Base: Adults aged 15+

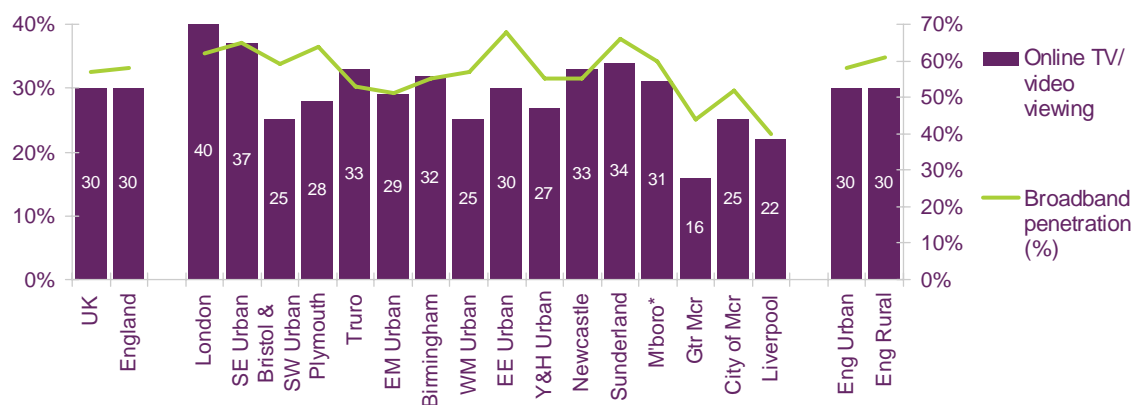
Use of internet to watch television and video content

Thirty per cent of adults in England said they had watched TV or video content over the internet, 46% among internet customers and higher still (54%) amongst those with broadband access.

With the exception of Wales (24%) all the nations were broadly comparable.

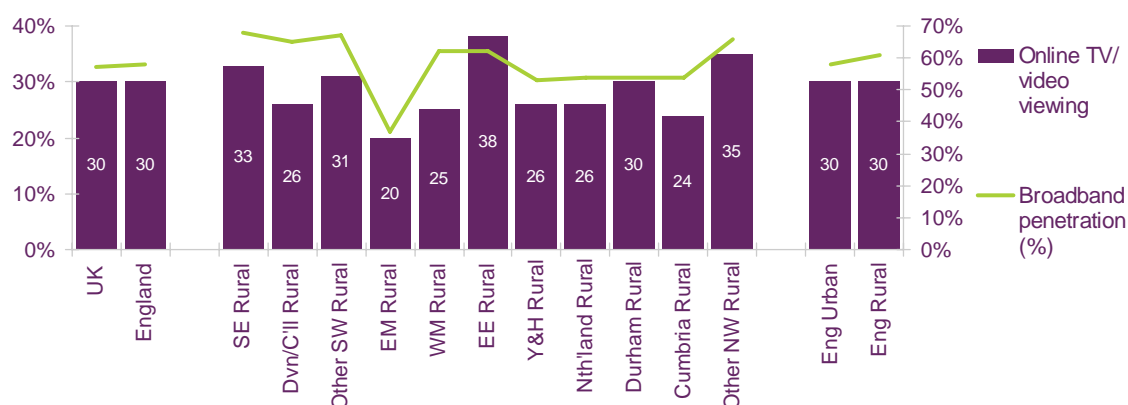
Regions more likely to watch TV or video content on the internet tended to be those with higher broadband ownership.

Figure 3.16 Proportion of adults living in a household that has used the internet to watch TV or video content



Source: Ofcom. Base: Adults aged 15+

Figure 3.17 Proportion of adults living in a household that has used the internet to watch TV or video content



Source: Ofcom. Base: Adults aged 15+

Use of internet to listen to the radio

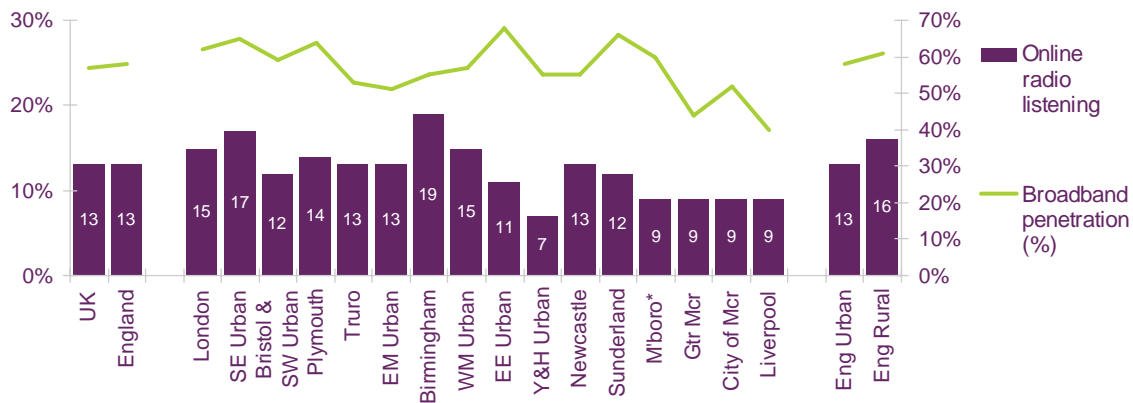
One in ten (13%) adults in England said they listened to the radio via the internet. Adults in England were more likely than those in each of the other nations to listen to internet radio.

There are indications that consumers living in rural areas (16%) are more likely to listen to internet radio than those living in urban areas (13%) despite the older age profile in rural areas. This is consistent with the findings in Wales. Perhaps higher use of internet radio in rural areas is being driven by poorer traditional radio reception in more remote parts.

A comparison of regions within England indicated that the highest use of internet radio was in rural parts of the South East (23%), Birmingham (19%), rural Northumberland (18%) and London (17%).

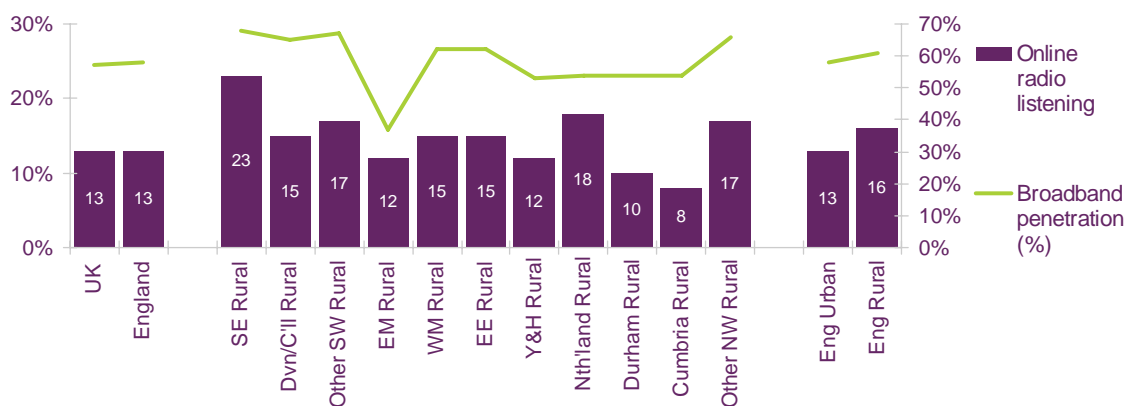
People's awareness that they can access digital radio via the internet may have had an impact on these findings. Previous research suggested that many internet users were not aware that they had digital radio at home.

Figure 3.18 Proportion of adults living in a household that has used the internet to listen to radio



Source: Ofcom. Base: Adults aged 15+

Figure 3.19 Proportion of adults living in a household that has used the internet to listen to radio



Source: Ofcom. Base: Adults aged 15+

Mobile phone

The core 2G and 3G mobile phone technologies are able to carry voice, data and audiovisual content. In addition, the mobile handset can incorporate many more functions such as music and games, and technologies such as Wifi, Bluetooth and GPS. This section looks at the proportion of adults who use their mobile phone to access the internet, watch TV and video and listen to audio content.

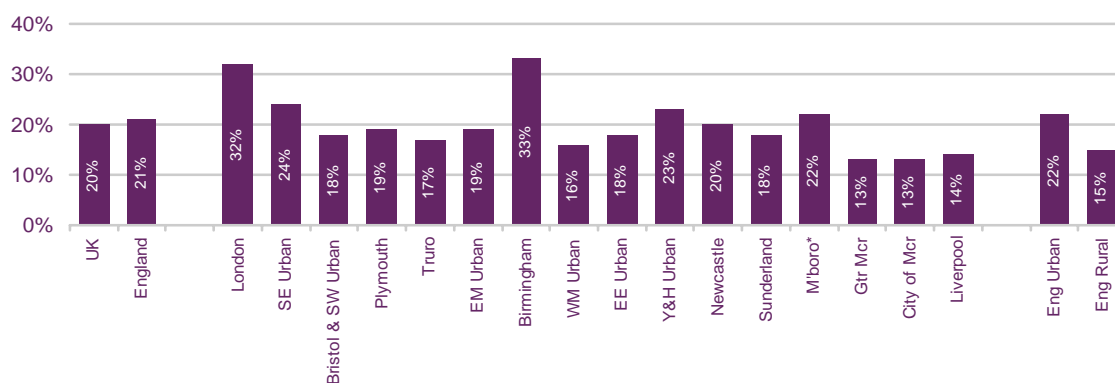
Use of a mobile phone to access the internet

A fifth (21%) of adults in England have accessed the internet via a mobile phone. Use of mobile internet in England is significantly higher than in Scotland (15%) and Wales (17%) but lower than in Northern Ireland (23%).

People living in urban areas (22%) were more likely than those in rural parts of England (15%) to have access the internet via mobile phone. This is likely to be due to higher take-up of 3G services in urban (18%) compared to rural England (12%).

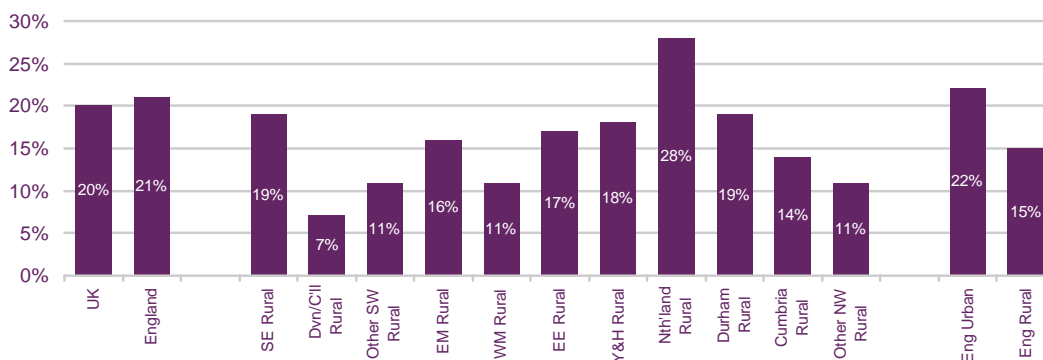
The highest use of mobile internet services was noted in Birmingham (33%), London (32%) and rural parts of Northumberland (28%). However, despite having one of the lower levels of 3G penetration (15%) consumers in urban South East England had high use of this service. This suggests that income may be a key factor in the South East, where the average household income stands at £661, compared to £543 in the South West.

Figure 3.20 Proportion of adults who have used a mobile phone to access the internet



Source: Ofcom. Base: Adults aged 15+

Figure 3.21 Proportion of adults who have used a mobile phone to access the internet



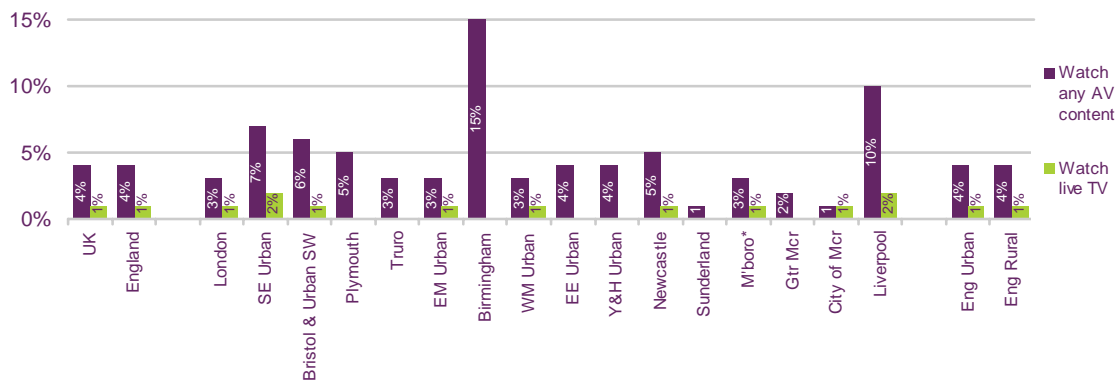
Source: Ofcom. Base: Adults aged 15+

Use of a mobile phone to watch audiovisual content

Unsurprisingly, fewer people use mobile phones to watch TV or video content (4%) than use the internet for these activities (30%). These figures are largely consistent across the nations, although the use of mobiles to watch any audiovisual content was higher in Northern Ireland (7%).

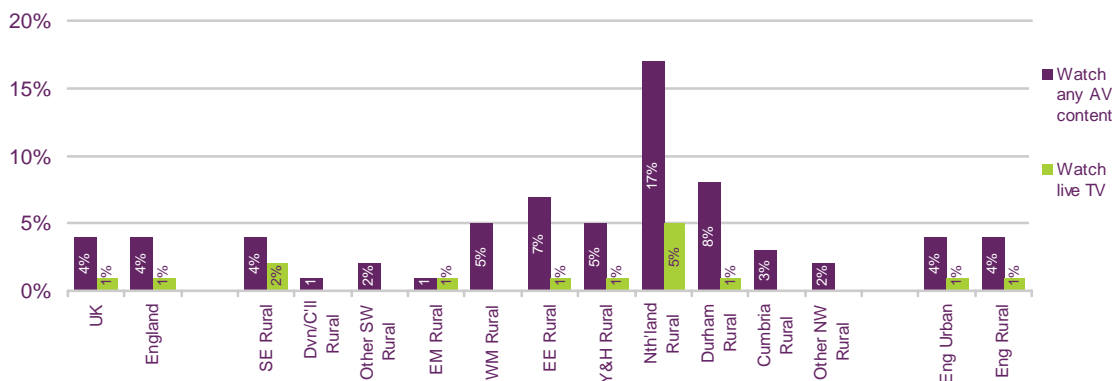
Birmingham, Liverpool and rural Northumberland reported the highest use of mobile phones to watch TV or video content.

Figure 3.22 Proportion of adults that have used a mobile phone to watch audiovisual content



Source: Ofcom. Base: Adults aged 15+

Figure 3.23 Proportion of adults that have used a mobile phone to watch audiovisual content



Source: Ofcom. Base: Adults aged 15+

Use of a mobile phone to listen to audio

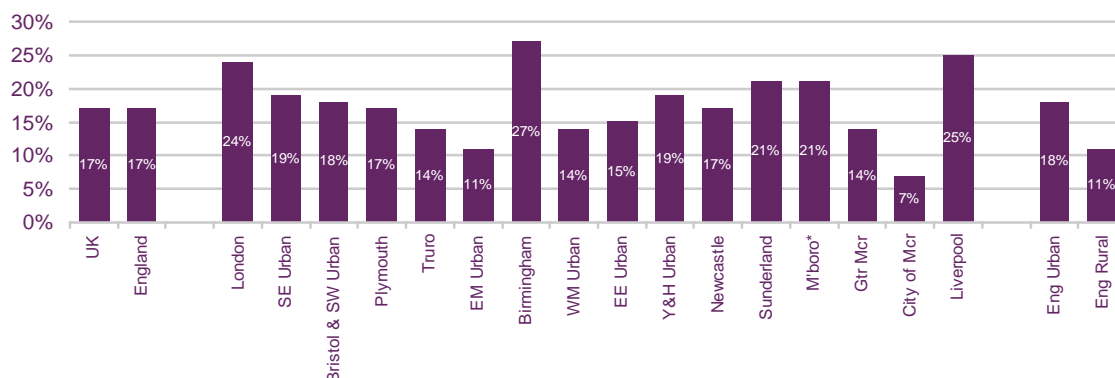
More people claimed to listen to audio content on a mobile than said they watched TV or video on this platform. Audio content includes both radio and MP3 files – either uploaded from a PC or downloaded from the internet.

A fifth (17%) of adults in England said they had listened to audio content on a mobile phone. Scotland was the only nation to report lower than average use (11%).

Urban areas (18%) reported higher use of mobile phones for this activity than rural areas (11%). Use in rural areas may be limited by poorer radio reception in more remote parts.

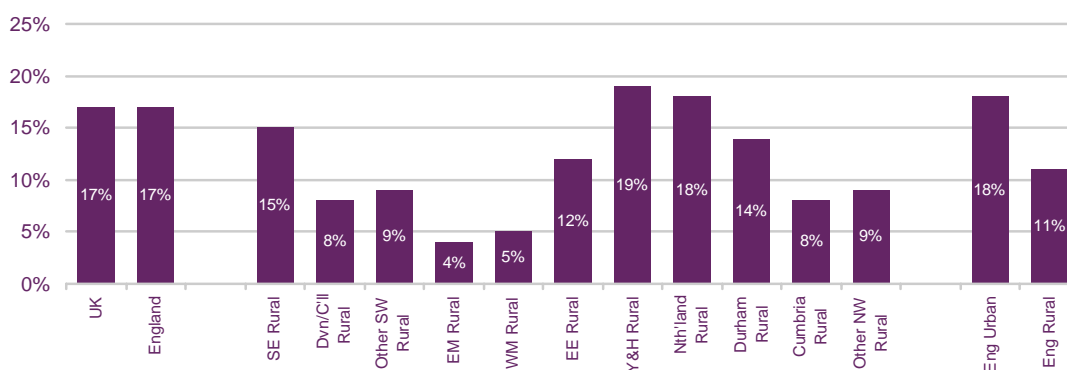
Birmingham, Liverpool and London, which are regions with a younger age profile, reported higher than average use of mobiles for listening to audio content.

Figure 3.24 Proportion of adults who have used a mobile phone to listen to audio content – urban England



Source: Ofcom. Base: Adults aged 15+

Figure 3.25 Proportion of adults who have used a mobile phone to listen to audio content – urban England



Source: Ofcom. Base: Adults aged 15+

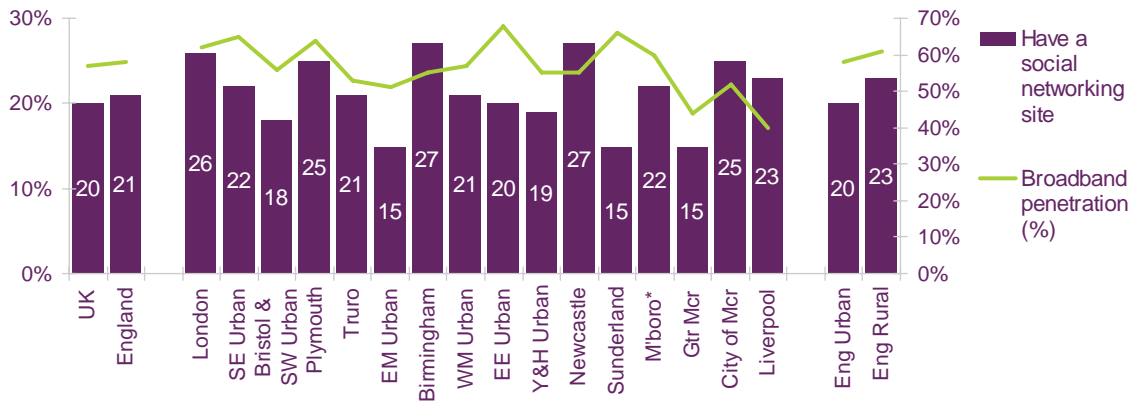
Social networking sites

Social networking sites are websites 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.

Despite the media coverage that these sites attract, this remains a minority activity among adults. The use of social networking sites in England is at a similar level to Northern Ireland (22%) but higher than both Scotland and Wales (each at 15%).

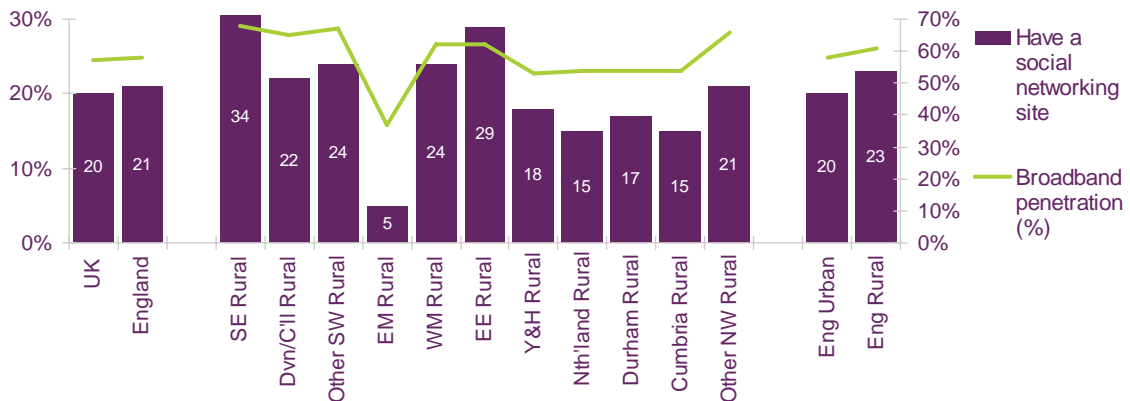
Use of social networking sites was higher than average in areas with younger age profiles such as London (26%), Birmingham (27%) and Newcastle (27%). However, the highest use was reported in rural parts of the South East where over a third (34%) of adults said they used social networking sites. Consistent with its overall lower use of newer applications on the internet, Bristol and SW urban areas were among the regions least likely to use social networking sites.

Figure 3.26 Proportion of adults in a household that has used social networking sites – urban England



Source: Ofcom. Base: Adults aged 15+

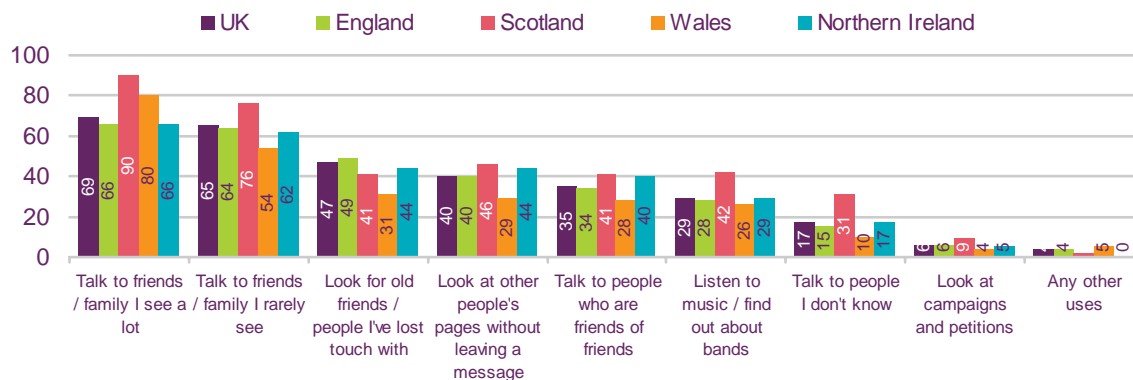
Figure 3.27 Proportion of adults in a household that has used social networking sites – urban England



Source: Ofcom. Base: Adults aged 15+

Adults in England with a page or profile on a social networking site are most likely to use the sites to talk to friends and family, but the proportion of adults who talk to friends and family *that they see frequently* is lower than in Scotland. Only 15% of profile owners in the UK use social networking sites to talk to people they don't know.

Figure 3.28 What social networking websites are used for



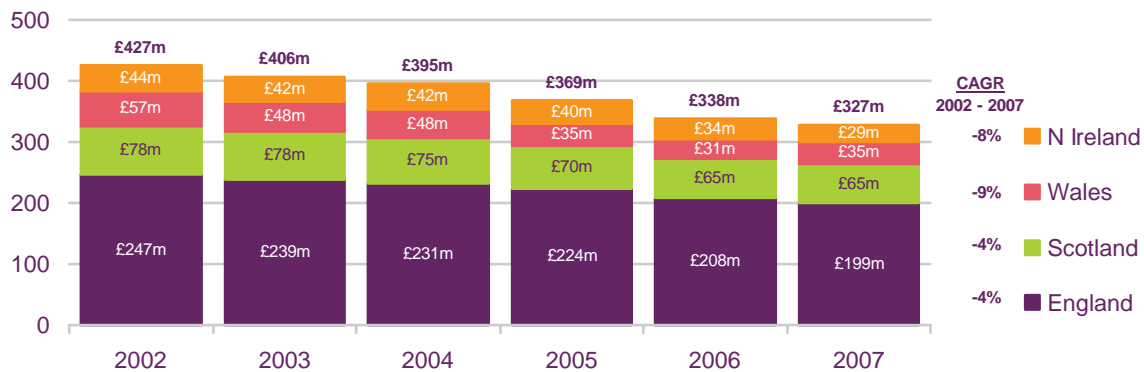
Source: Ofcom. Base: Adults aged 15+

3.3 Television

PSB spend in originated output for the nations and English regions

In 2007 ITV1 and the BBC invested a total of £199m in originated hours of output for viewers in England, accounting for 61% of their UK-wide spend on national and regional output. This represented a real-terms reduction of 4% on 2006, compared to the UK-wide figure of 3%. The fall was driven principally by ITV1's declining spend in English regional news and to a lesser degree by regional non-news and non-current affairs output.

Figure 3.29 Total spend on nations and regions output by the BBC, ITV1/stv/UTV



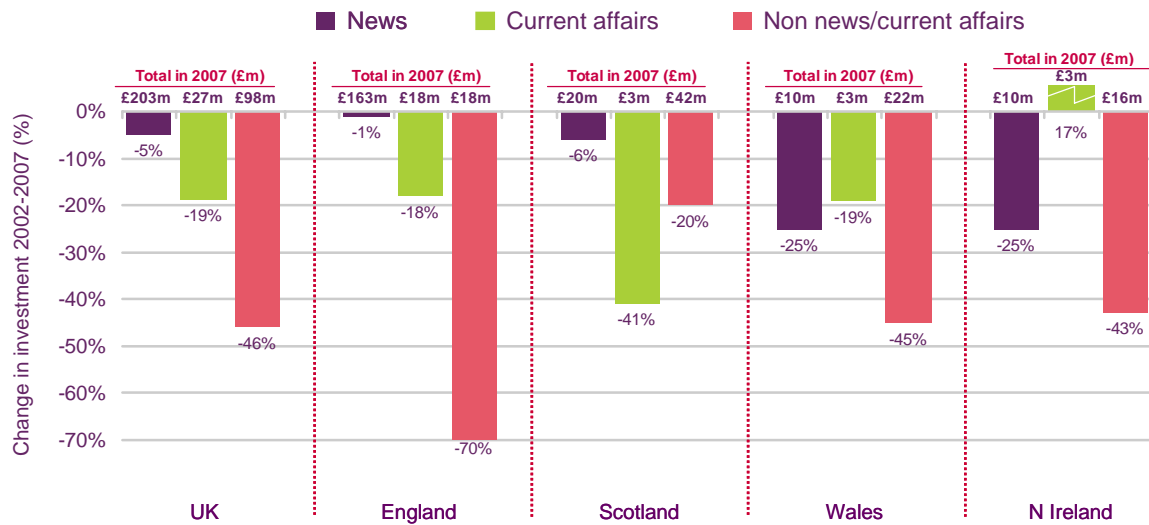
Source: Broadcasters. All figures expressed in 2007 prices.

Note: Figures do not include programme spend by S4C or by the BBC on programmes in the Welsh language. The BBC changed the way it calculated its spend figures in 2005. The figures for 2002 – 2004 are based on cost per hour averages, while those for 2005 - 2007 are actual spend figures.

Other components of television spend have also shifted as new platforms are emerging as sources for output, such as the internet and mobile phone. Over a five year period, spend on originated non-news and non-current affairs television output for English viewers fell by 70% (or £42m) in real terms. This compared to the UK-wide average reduction of 46% in this genre and represents the highest proportionate reduction across the UK's four nations. Investment in English regional current affairs fell by 18% (compared to the UK-wide reduction of 19%) over the same period, although it represented a small proportion of total spend on output for viewers in England.

Over the same period, spend on regional news, by contrast, remained relatively stable over the period, falling by just 1% since 2002 and totalling £163m in 2007; the UK-wide reduction averaged 5% over the same period. Wales and Northern Ireland proportionally experienced more substantial reductions in spend on news, each down by 25% (or £2.5m).

Figure 3.30 Change in spend by genre and nation by the BBC, ITV1/stv/UTV, 2002 - 2007



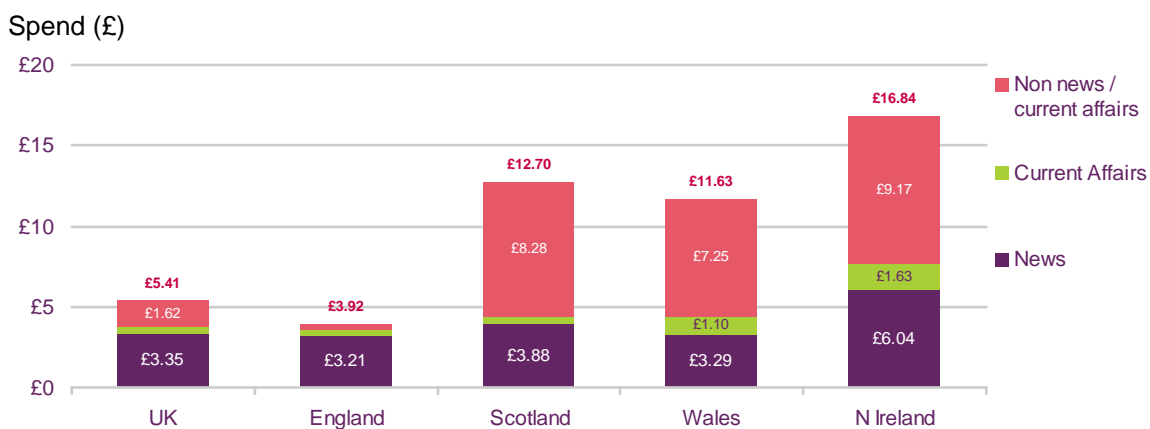
Source: Broadcasters and Ofcom calculations. All changes are expressed in real terms.

Note: The BBC changed the way it calculated spend figures from 2005 onwards. The figures for 2002 – 2004 are based on cost per hour averages, while those for 2005 - 2007 are actual spend figures. Comparisons over this time period should therefore be treated with caution.

While total spend on originated output in England is the highest among the four nations, adjusting for population size reveals a different pattern of spend. UK-wide spend stood at £5.41 per head in 2007, down 3% in real terms since 2006 and the equivalent for England (£3.41) contracted in line with the UK-wide average. Meanwhile, spend in Northern Ireland stood at £16.84 per head, Scotland at £12.70 and Wales at £11.63 in 2007.

Of the three genres local news, at £3.21 per head, attracted the highest spend in 2007. Non-news / non-current affairs output, which attracted significant per-capita spend in Scotland, Wales and Northern Ireland, accounted for only a small proportion of the total in the English regions.

Figure 3.31 Spend on nations and regions output by the BBC, ITV1/stv/UTV, 2007



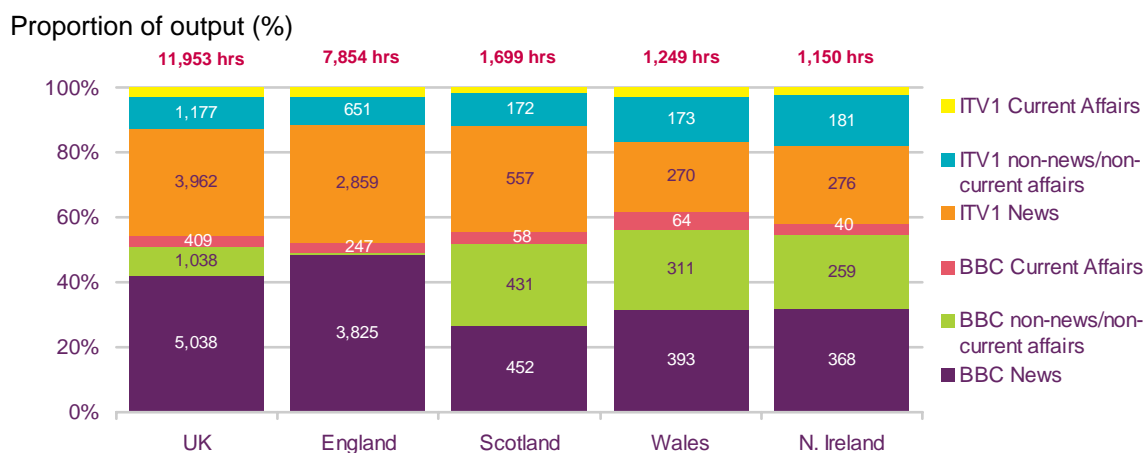
Source: Broadcasters and Ofcom calculations, 2007 prices

Programme output

Across the UK, ITV1 and the BBC broadcast 11,953 hours of originated nations or regional output in 2007, a figure that was almost unchanged on 2006. Sixty-five per cent or 7,845 hours were broadcast in England, up by just 35 hours or 0.4% on 2006. This was higher than the number of hours broadcast in Scotland (1,699 hours), Wales (1,249) or Northern Ireland (1,150).

Regional news output accounted for 85% of the total in England – the highest proportion of hours across the four nations – owing to the smaller proportionate contribution that the BBC made to non-news / non-current affairs output in England relative to other nations. ITV1 broadcast 651 hours during 2007, with the BBC contributing a further 37 hours over the same period.

Figure 3.32 Hours of nations and regions' output, by genre and broadcaster, 2007



Source: Broadcasters

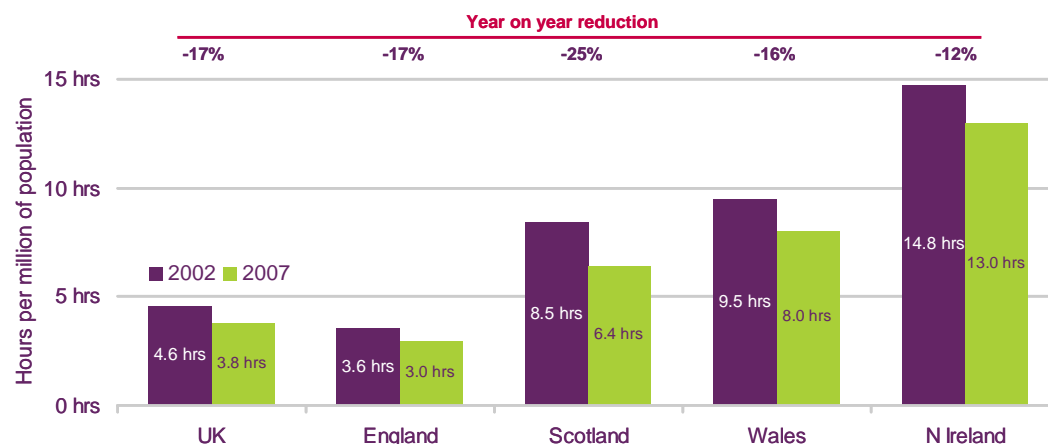
Hours of nations and regions' output have declined

Taking account of the population size, ITV1 and the BBC broadcast fewer hours of regionalised output in England than in any other UK nation – 3.0 hours a week per million of population, compared to 13.0 hours in Northern Ireland, 8.0 in Wales and 6.4 in Scotland.

This level fell by 0.6 hours between 2002 and 2007, a reduction comparable with the UK average of 0.8 hours. Scotland experienced a decline of 2 hours over the period, Wales 1.5 hours and Northern Ireland 1.8 hours (Figure 3.33).

Figure 3.33 Total hours of nations and regions output

Hours per week per million of population



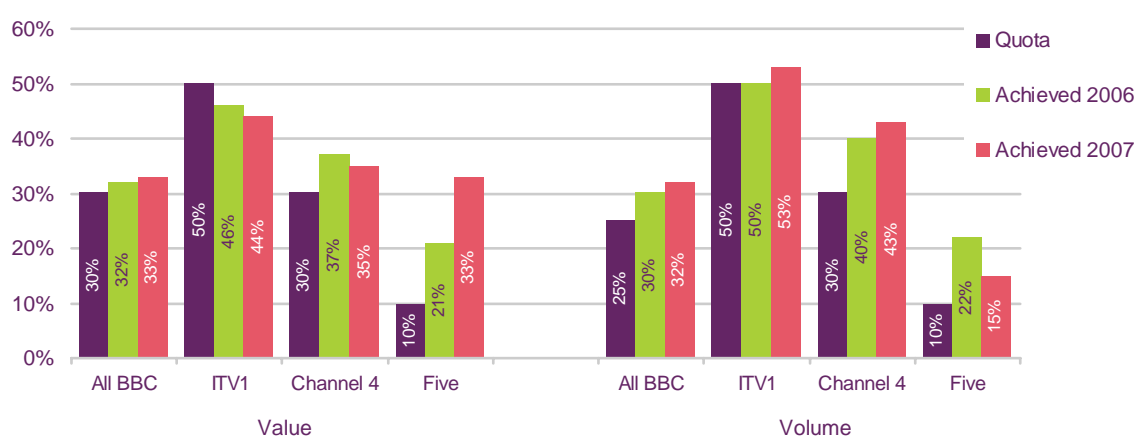
Source: Broadcasters and Ofcom calculations

Out-of-London production quotas

In terms of network production in the nations and regions the Communications Act introduced a requirement for Ofcom to ensure that a suitable proportion and range of programmes are made outside the M25 and that a suitable proportion of money is spent in a range of production centres. The requirement applies across all PSBs (apart from S4C) and is represented in the form of volume and value quotas for out-of-London network production. In order to qualify against the out-of-London quota, programmes should comply with Ofcom's Regional Production Definition. This establishes three criteria: having a production base, and achieving minimum spending levels for production budget and for production talent, in the nation or region concerned. Programmes must meet at least two of the criteria to qualify.

Figure 3.34 Performance against the Out-of-London production quotas

Percentage of network production produced outside London, by value and by volume



Source: Broadcaster returns²

Note: Figures for 2006 have been restated following Ofcom's audit of out-of-London production (see below)

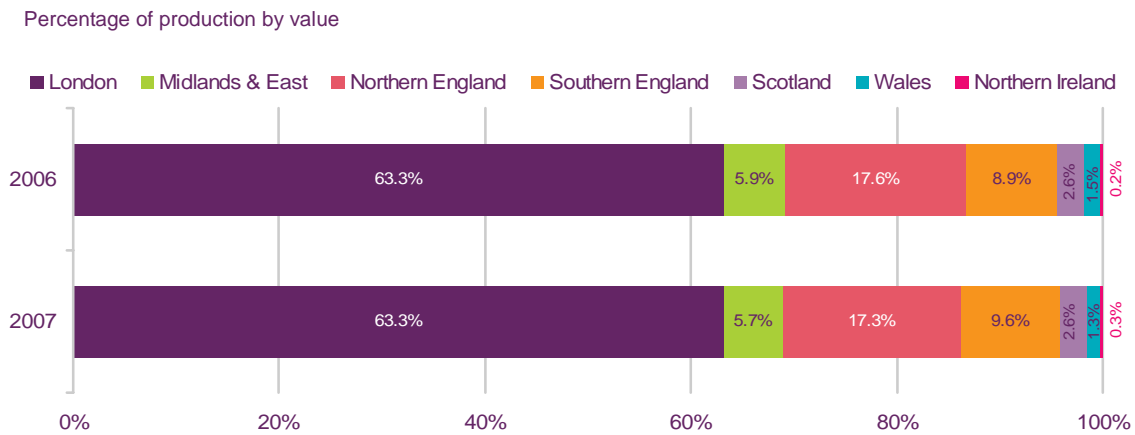
² These figures reflect data provided to Ofcom by the PSBs as at 2 May 2008 and may be subject to further minor amendments.

The out-of-London quotas apply by value and by volume. The BBC, Channel 4 and five each met their value and volume quotas in 2007. While ITV1 met its 50% volume quota, achieving 53%, the proportion of ITV1 spend outside London in 2007 was 44% - significantly below the 50% minimum and therefore ITV1 failed to meet the value element of its out-of-London production quota in 2007.

Ofcom believes it is important that broadcasters meet the minimum requirements set out in their licences (or in the case of the BBC their service licences). ITV's failure to meet the value element of its out-of-London quota is a serious matter, and one which is the subject of further consideration by Ofcom with a view to regulatory action.

The percentages shown in Figure 3.35 take account of changes made as a result of Ofcom's audit of out-of-London production (see below) and include restated figures for 2006. The post-audit data shows that ITV1 also failed to meet the quota by value in 2006, achieving a level of 46%.

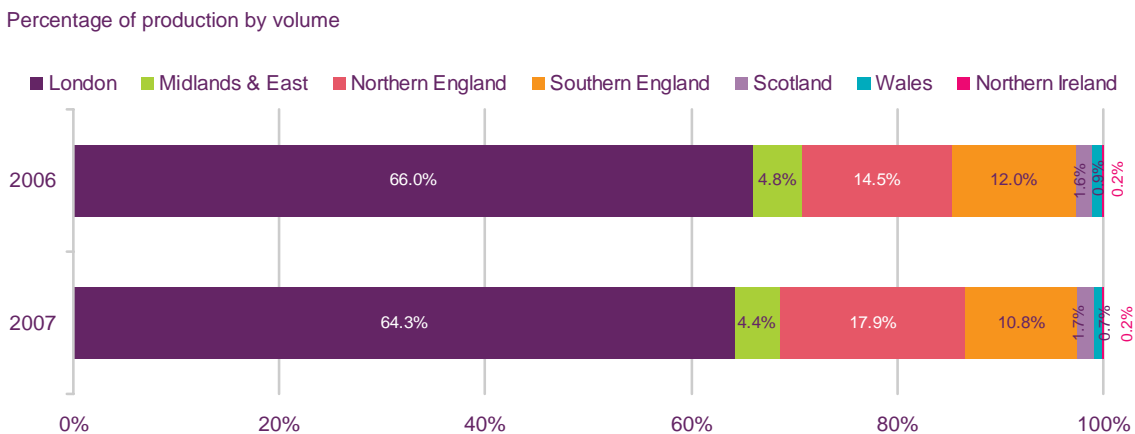
Figure 3.35 Expenditure on out-of-London production



Source: Broadcaster returns¹

Note: Figures for 2006 have been restated

Figure 3.36 Volume of out-of-London production

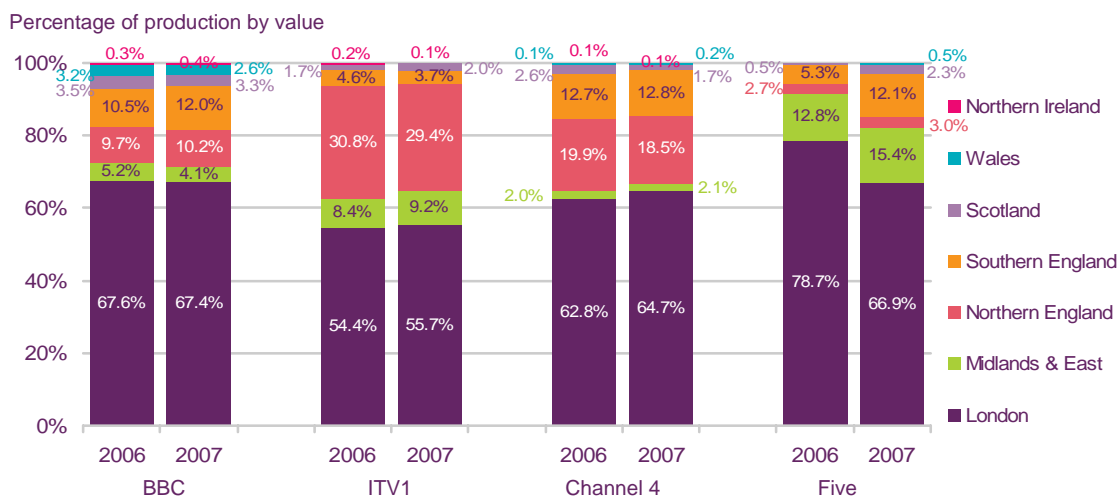


Source: Broadcaster returns¹

Note: Figures for 2006 have been restated

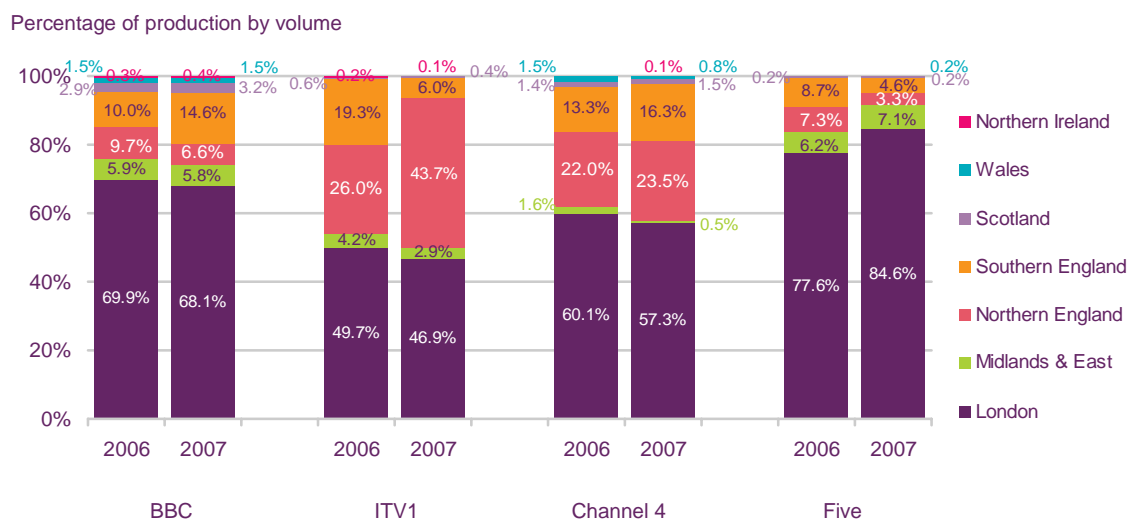
Across all of the PSBs out-of-London production and spend are concentrated in the English regions and, within that, in the North of England in particular for ITV1 and Channel 4.

Figure 3.37 Breakdown of expenditure on production by broadcaster



Source: Broadcaster returns¹
Note: Figures for 2006 have been restated

Figure 3.38 Breakdown of production volume, by broadcaster



Source: Broadcaster returns¹
Note: Figures for 2006 have been restated

Ofcom audit of the out-of-London quotas

Pact and the Scottish Broadcasting Commission have each raised queries recently about some BBC programmes that appear to be labelled on-screen as nations and regions productions. On investigation by Ofcom, it was apparent that these programmes had not been reported to Ofcom as qualifying against the out-of-London production quota, despite their misleading on-screen credits.

However, recognising the importance of this issue, Ofcom decided to carry out a full audit of those programmes returned by the broadcasters as qualifying against the out-of-London quotas in 2006 and 2007. We identified those programmes returned against the quota that we believed merited further investigation and asked the broadcasters to provide evidence to show the basis on which each one had qualified as an out-of-London production. Broadcasters also carried out their own reviews to check that all programmes had been correctly allocated.

On reviewing responses and evidence from the BBC and Channel 4, we found a small number of programmes that were wrongly returned against the out-of-London quotas. These changes resulted in relatively modest adjustments to the percentages achieved and the data presented in this section reflects those adjustments, including restated figures for 2006. There were no errors found in the data received from five.

In ITV's case, the number of programme amendments was more significant and ITV1 failed to meet the quota by value in 2006, as well as in 2007, as noted above. In addition, an issue arose over the methodology ITV1 used in calculating the quota figures. This concerned ITV's *Nightscreen* output – a text based service shown in the late night hours. This had been excluded from the total amount of originated programming for the purposes of calculation of the out-of-London quota percentage, on the basis that it is not a television programme, but simply a rolling teletext service. Ofcom's view is that this output cannot be excluded from the out-of-London production quota calculations and therefore the level of production by volume in 2006 and 2007 is several percentage points lower than would otherwise have been the case. The quota by value is not affected by this change in methodology.

Ofcom plans to assess whether and what further data might need to be sought from the broadcasters in relation to compliance with the out-of-London production quotas.

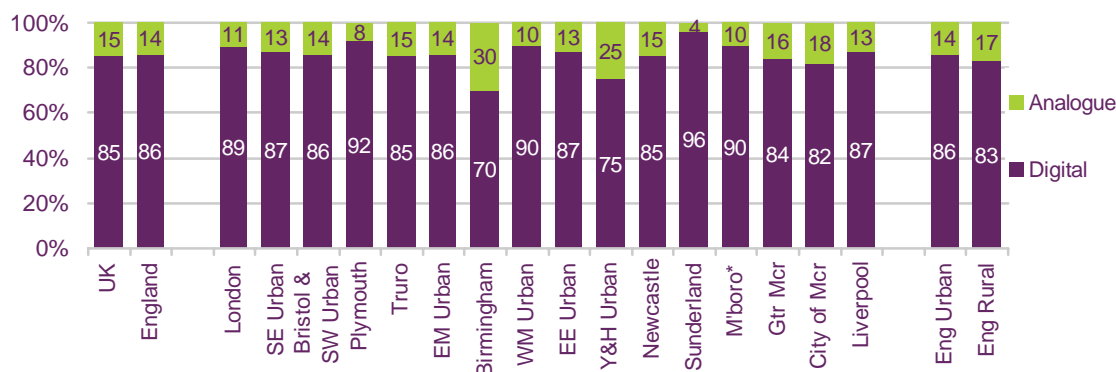
Digital TV penetration

England's DTV penetration has risen by 15% since 2006

DTV take-up in England has risen by 11 percentage points between 2006 and Q1 2008, reaching 86%; this was slightly ahead of the UK-wide increase of 10 percentage points. Homes in Sunderland were most likely to have digital television in the first quarter of 2008, with a take-up level averaging 96%. Take-up in London, at 89%, climbed sharply over the period, having had the lowest level of DTV penetration in the UK (69%) in 2006. When comparing DTV take-up by urban versus rural areas, we found that homes in urban areas were 3 percentage points more likely than those in rural areas to have DTV (86% versus 83%).

Figure 3.39 Individuals' take-up of digital television at home, 2008

Proportion of individuals (%)



Source: Ofcom. Base: Adults aged 15+ with a TV in the household

The proportion of households in England that pay for their television services has remained static since 2006 at 53%. Homes in the North West were mostly likely to take pay TV (58%), while those in the South West and East of England were least likely (48% each). Of those that did pay for television, satellite subscriptions tended to outstrip those for cable by an average of two to one. Satellite was most popular in the East Midlands, where 79% of paying customers had satellite, while 20% chose cable. The North West offered a contrast to other English regions, with 41% of paying households taking cable and 54% satellite.

Television consumption

TV viewing fell furthest in the Border and ITV West regions in 2007

Fifteen-minute consecutive weekly TV reach, on a UK-wide basis reached 92.6% in 2007. It was lower in London than in any other UK region at 90.3%, and reflected a general reduction in viewing hours across the UK - this figure has declined 1.4% since 2003. Reach was highest in the North East and East of England regions, at 94.1%.

Viewers in the English regions watched the most, and the least, television in the UK during 2007. In the North East they watched TV for an average of 4.0 hours a day (on a par with those in Scotland and significantly higher than the UK-wide average of 3.6 hours), while in the ITV West region they watched the least amount of TV in the UK, at 3.0 hours per day.

Despite an average reduction in hours of television viewing across the UK, consumption grew in the North East, South West and Yorkshire, by 2.3%, 2.7% and 0.3% respectively between 2003 and 2007, against a UK-wide reduction of 2.7%. Viewing in the ITV West region fell further than most, with hours of viewing contracting by 14.2%. But viewing by people in the Border region fell furthest - 15.5% over the same period.

Viewing of the five main networks is among the lowest in London

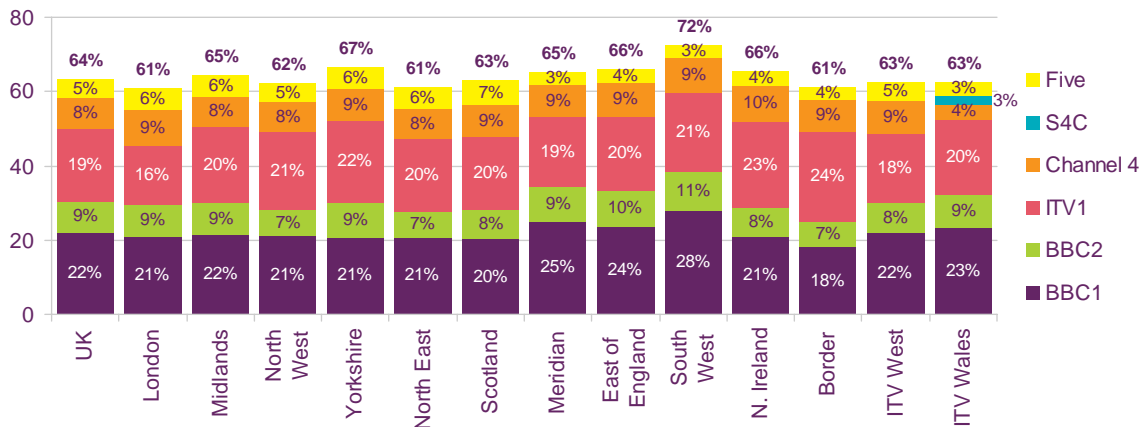
In 2007 viewers in South West England spent more time watching the five main PSB channels than in any other part of the UK, attracting a combined share of 72% (compared to the UK average of 64%). Their lowest shares were achieved in the London, North East and Border regions (61% apiece).

On a UK-wide basis, BBC One attracted a greater viewing share (22%) than ITV1 (19%); a picture that was largely mirrored at the regional level. BBC One at least equalled ITV1's share in all English regions except Yorkshire and Border. The margin grew to 7 percentage

points in the South West, where BBC One delivered its best performance with a 28% share of viewing. ITV1 put in its best UK-wide performance in the Border region, where it attracted a 24% share (compared to BBC One with 18%). Commensurate with the popularity of BBC One in the South West, BBC Two's share in the region reached 11% (compared to a UK-wide average of 9%). By and large, Channel 4 delivered an England-wide share that was broadly consistent with the UK average of 8% while Five's, which averaged 5% nationwide, climbed as high as 6% across several English regions and fell as low as 3% in the Meridian and South West regions.

Figure 3.40 Share of the five terrestrial networks in all homes, 2007

Audience share (%)

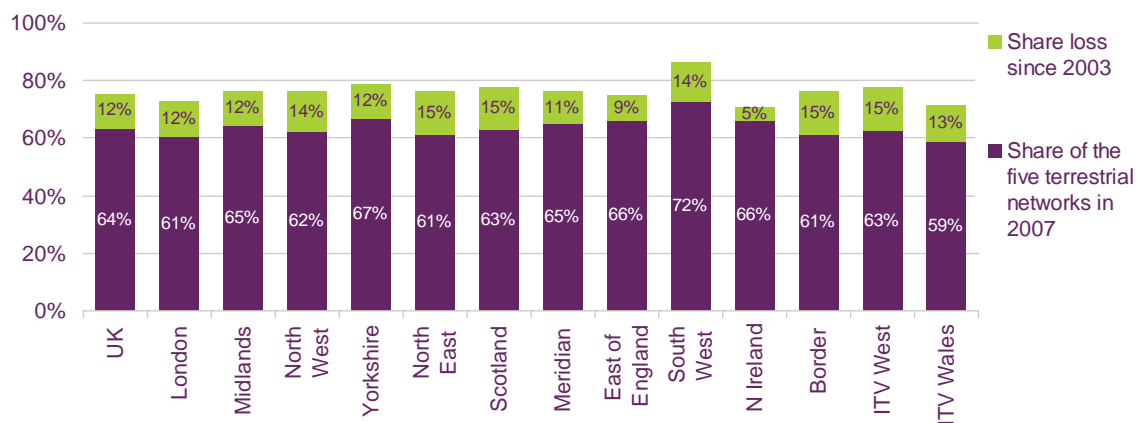


Source: BARB

On average the five main PSBs experienced a share reduction of 12 percentage points between 2003 and 2007. In England, the largest reductions came in the North East, ITV West and Border regions where they lost 15 percentage points of viewing share (on a par with Scotland). They were most effective at retaining market share in the Meridian and East of England regions, where they lost just 11 and 9 percentage points respectively. Viewers in the South West, despite showing a historic loyalty to the five main networks, are viewing digital-only channels in increasing volumes; the five main networks recorded one of the largest reductions in share in that region (14 percentage points) between 2003 and 2007.

Figure 3.41 Reduction in combined share of the five PSB channels, 2003 - 2007

Audience share (%)



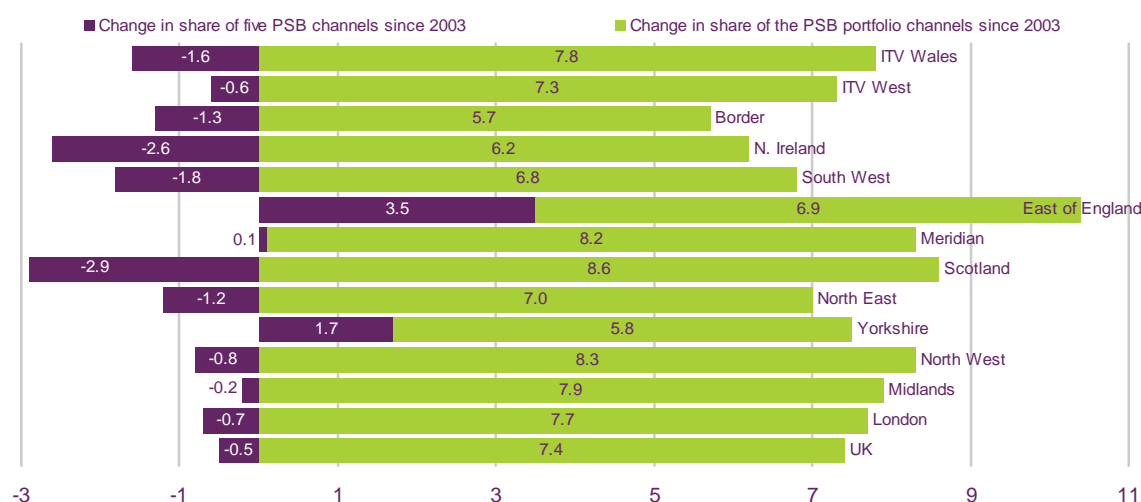
Source: BARB Note that 'ITV Wales' excludes growth in the share of the full Channel 4 service.

In multichannel homes, ITV2 was the most popular digital-only channel in every area of the UK except for the Meridian and South West regions, where E4 and CBeebies were watched most. Sky Sports 1 was the second most widely watched channel in all regions apart from London, the Meridian, South West and ITV West.

PSB portfolio channels' rising share offsets the loss of their parent channels

In multichannel homes across the UK, PSB portfolio channels (including all channels within the PSB portfolios except the five terrestrial channels) have gained share since 2003, offsetting loss from their parent channels (Figure 3.42). In England, the greatest beneficiaries were the North West and Meridian regions, where the PSBs' digital-only channels gained 8.3 and 8.2 percentage points of share respectively over the period. The PSBs as a whole benefited from a substantial boost to their total share in Yorkshire and the East of England, as their parent channels bucked the trend and, with portfolio channels, increased their share of viewing.

Figure 3.42 Net change in the audience share of the five main networks and the PSB portfolio channels, 2003-2007 – multichannel homes



Source: BARB

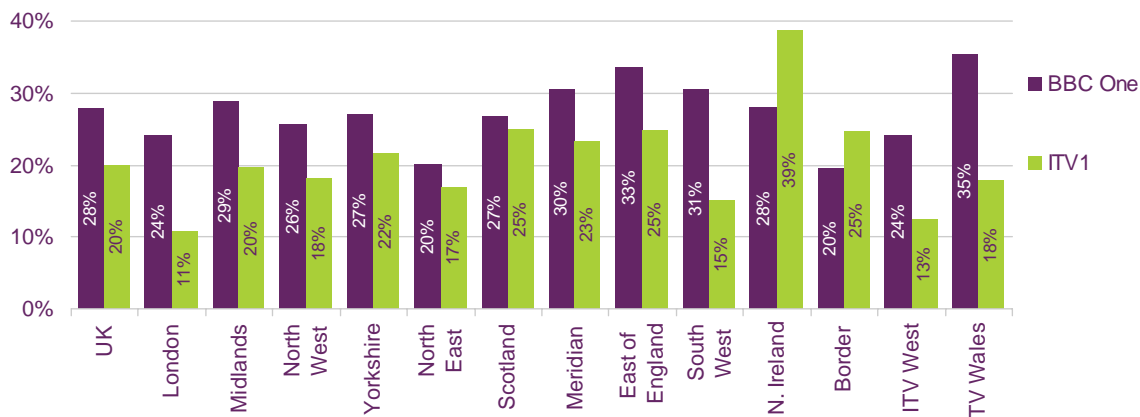
Note: In the chart, the 'ITV Wales' bar for PSB channels includes Channel 4 and S4C.

People are relying less on newspapers for their local news

Figure 3.43 illustrates the viewing share of the BBC and ITV1's early evening bulletins. Londoners were the group least likely in the UK to watch those bulletins, with BBC One attracting a 24% share and ITV1 11%, compared to the UK averages of 28% and 20% respectively. Viewers in the East showed some of the greatest interest in these news bulletins, with BBC taking a 33% share and ITV1 a 25% share. Only in Wales did the BBC One bulletin have a greater share than in the East of England at 35%, while only in Northern Ireland did ITV1 attract a higher share (39%).

Figure 3.43 BBC One and ITV1 early evening news bulletin shares, 2007

Audience share (%)

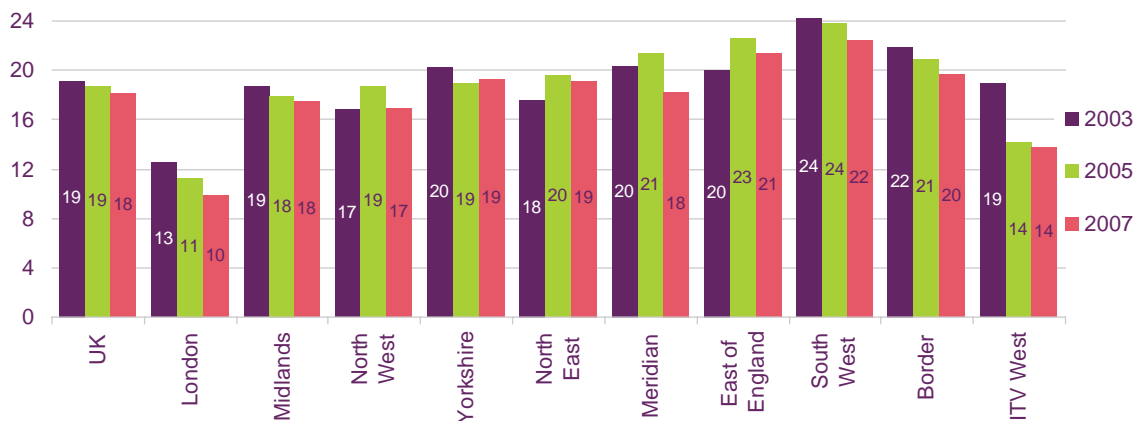


Source: BARB

Figure 3.44 illustrates the average hours per year that each viewer spent watching early evening regional news bulletins in the English regions. Consistent with their share of viewing, it shows that viewers in London watched early evening news bulletins the least among viewers in the English regions – 10 hours per person, down 3 hours since 2003. Viewing in the South West region reached an England-wide high of 22 hours in 2007, down by 2 hours per person per year since 2003.

Figure 3.44 Combined total hours of viewing of early evening regional news bulletins, per person per year, all homes in 2003-2007

Hours/viewer/year



Source: BARB

Note: Analysis done on genre regional news, start time 17:55-18:35, 10mins+ duration, channels BBC1 and ITV1 combined, Monday through Friday. 2004 and 2006 are excluded for reasons of space.

Since 2006, consumers' reliance on newspapers as their principal source of local news has fallen by 3 percentage points, while television has gained 1 percentage point. Television was therefore the main source for local news for 47% of respondents, while 27% cited newspapers and 11% radio.

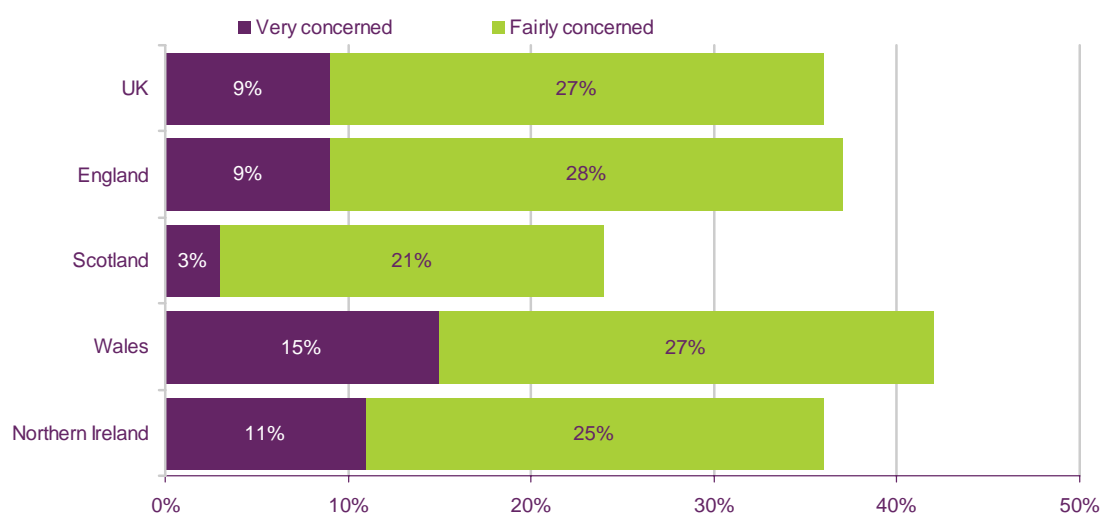
Attitudes towards television content

Over one-third of people in England are concerned about TV content

In May 2008 we published the *Adult Media Literacy Audit*, which found that 37% of people in England were either very, or fairly, concerned about what is on television. This was higher than the level of concern expressed by respondents in Scotland (24%), but lower than that in Wales (42%) and Northern Ireland (36%).

Figure 3.45 Concern about TV content

Overall, how concerned are you about what is on TV?



Source: Ofcom. Base: All adults aged 16+

3.4 Radio

The radio industry

English radio listeners have the widest choice for local radio

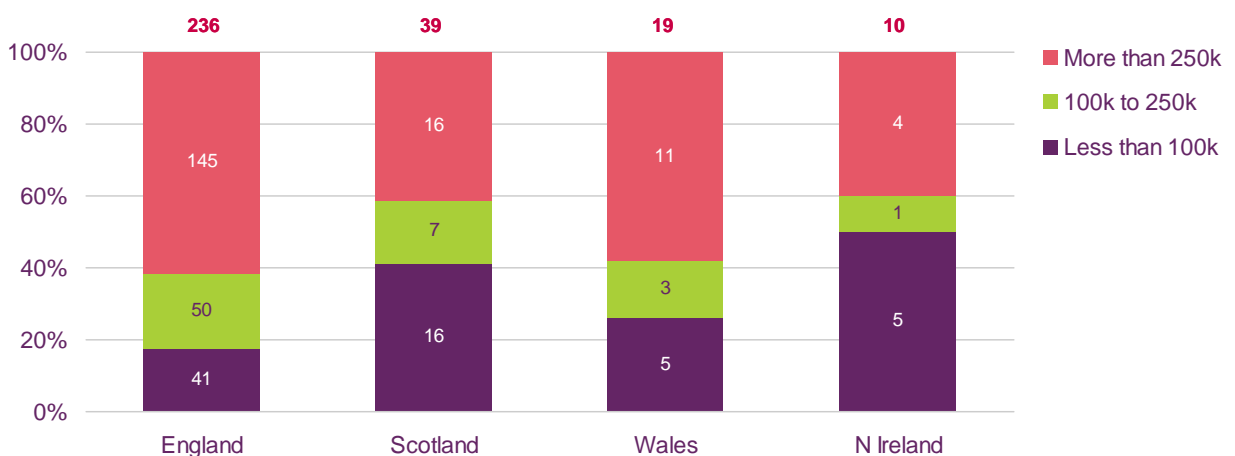
England has 236 local commercial radio stations, 78% of the UK total. This compares to 39 stations in Scotland, 19 in Wales and 10 in Northern Ireland.

This equates to an average choice of 5.1 stations per person in England, which is the highest choice of the UK nations, and is mainly due to the larger, and more condensed, population of England; many stations cover larger populations which leads to a higher degree of overlap and choice. Larger populations can also support more commercial radio services than more dispersed populations.

There are also 40 local BBC stations in England, and over 100 community radio licences awarded, with almost 80 of these already on air.

A majority (over 61%) of local commercial stations in England cover large population areas with over 250,000 people, with 21% serving medium-sized territories of between 100,000 and 250,000 people. The remaining 17% cover populations smaller than 100,000. This distribution pattern is similar to that in Wales, where much of the population is also centred close to the main cities.

Figure 3.46 Distribution of local commercial stations by population coverage



Source: Ofcom

BBC spend on local radio much lower in English regions

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 £129m in 2006/07 (up from £121m in 2005/06), which is equivalent to £2.65 per head (up from £2.51 per person in 2005/06). BBC spend in England is lower than in the other nations, partly as a result of the higher and more concentrated populations in England and also due to the added cost of providing two national stations for each of Scotland, Northern Ireland and Wales. Spend per person was therefore highest in Wales at £10.48, compared to £9.64 per person in Northern Ireland and £7.07 in Scotland. BBC investment increased the most year-on-year in Wales and Scotland, up by £0.74 and £0.47 per person respectively, while Northern Ireland saw a fall in expenditure, down by £1.1m or £0.75 per head.

Figure 3.47 BBC spend on national / local radio programming 2006-07

BBC programme spend per head (£ per head)



Source: BBC Annual Report and Accounts 2006/07

Note: The revenue data above have been compiled on a new basis by the BBC to illustrate UK public services expenditure by service. The annual increase is also calculated using the new basis for consistency.

BBC spend per listener hour lowest in English regions at £0.36

The cost per listener hour for the BBC nations' or local stations in England can be calculated by dividing the total expenditure on these stations by their total number of listening hours.

BBC local programming spend on local radio in England equated to £0.36 per listener hour in the financial year 2006/07 (Figure 3.488). In the nations, expenditure was highest in Scotland, where BBC Radio Scotland and Radio nan Gaidheal cost £1.16 per listener hour, while in Wales BBC Radio Wales and Cymru cost an average of £0.97 per listener hour. The expenditure in Northern Ireland for BBC Radio Ulster and Radio Foyle equated to £0.55 per listener hour.

On a cost-per-listener-hour basis, spend is therefore lower in Wales and Northern Ireland than in Scotland, despite the higher expenditure per head. This is due to the higher average listening hours to the national stations in Wales and Northern Ireland. The cost of the English regional stations per listener hour is lower than in the other nations, again largely because of the higher volume of listening hours.

Figure 3.48 BBC expenditure per listener hour 2006/07



Source: BBC annual report and accounts 2006/07, RAJAR 2006/07

Three main groups own nearly half (49%) of the 236 local commercial stations in England. The GCap radio group holds 27% of licences in England, with the Local Radio Company owning around 11% and Bauer (formerly Emap) owning around 10% of licences.

Revenue generated by the commercial stations in England stood at almost £382m in 2007, (up from £378m in 2006), equivalent to around 81% of UK total commercial radio revenue of £526m. Adjusting for population size gives a figure of £7.82 per head in 2007. This was lower than in Scotland, where commercial radio revenues equated to £11.46 per head, and lower than Northern Ireland (£8.03), but higher than in Wales (£7.41). Year-on-year revenue growth also increased more in the other nations; revenues in Northern Ireland were up by 21%, Scotland saw an increase of 16% and Wales 12%, while revenues in England increased by just over 1% in 2007.

Figure 3.49 Local commercial radio revenue per head in 2007



Source: Ofcom, operator net broadcasting revenue returns 2007

Note: Chart shows net broadcasting revenues as based on returns received by Ofcom for the year 2007. The UK total also includes revenues for the UK wide commercial stations: Classic FM, TalkSPORT, and Virgin 1215

Radio services availability

DAB digital radio coverage increased during 2006

By 2008 DAB was estimated to be available to 93% of the population of England. So far in 2007/08 the BBC has installed a further six transmitters in England to increase the range of its services. Meanwhile Digital One has installed 11 new national transmitters in England over the past year to increase commercial coverage. Digital One also plans to launch a transmitter in the Berkshire and Hampshire area in 2008/09 to extend the national commercial coverage in the region. Meanwhile, local commercial DAB multiplexes were estimated to cover 92% of the population in England. In 2007/08 a further ten local commercial DAB multiplexes have been awarded to cover different regions in England.

In terms of station availability, there are currently 15 national DAB services available from the BBC (11) and Digital One (4) with local area services increasing this number. Some areas of England are currently without a local DAB multiplex, with recently awarded local multiplexes still to go live. The choice of DAB stations across England therefore ranges from just the 15 national DAB stations in some areas to 54 DAB stations in London. Larger cities such as Birmingham, Liverpool, Sheffield, Leeds, Newcastle, Manchester and Bristol have access to between 37 and 39 stations, while in medium sized cities (such as Leicester, Nottingham, Norwich, and Plymouth) there are between 27 and 28 DAB stations.

Ofcom local DAB multiplex awards 2007/08

Local multiplex developments in English regions

Ten different regions in England were awarded local DAB multiplexes in 2007/08, along with a national UK multiplex. The regions recently awarded in England include Surrey and northern Sussex, awarded in April 2008 to MuxCo Surrey & North Sussex Limited. With other recent awards for Oxfordshire, North Yorkshire, Gloucestershire and Lincolnshire, – Figure 3.50 lists the awards so far in 2007/08.

Figure 3.50 Local DAB multiplex awards in 2007/08 (England and Wales)

Award date	Location	Multiplex operator	Adult population in licensed area	Estimated indoor coverage
June 2007	Hertfordshire, Bedfordshire and Buckinghamshire	NOWdigital	1.8m	75%
July 2007	Derbyshire	NOWdigital East Midlands	843k	73%
July 2007	National multiplex	4 Digital Group	50.3m	79%
Sept 2007	North East Wales & West Cheshire	MuxCo Northeast Wales and West Cheshire	647k	95%
Sept 2007	Herefordshire and Worcestershire	MuxCo Hereford & Worcester	586k	67%
Oct 2007	Northamptonshire	NOWdigital Limited	505k	84%
Nov 2007	Oxfordshire	Now Digital Oxford	494k	83%
Dec 2007	North Yorkshire	MuxCo North Yorkshire	695k	57%
Feb 2008	Gloucestershire	MuxCo Gloucestershire	460k	75%
Feb 2008	Lincolnshire	MuxCo Lincolnshire	670k	74%
Mar 2008	Mid and West Wales	MuxCo Wales	400k	40%
Apr 2008	Surrey & northern Sussex	MuxCo Surrey & North Sussex	1.4m	57%

Source: Ofcom

There are two local multiplex areas still to be awarded under the current timetable including one in England for the Somerset region, and also one for North Wales. By the end of April 2008, one application for the Somerset licence had been received from MuxCo Somerset Ltd. MuxCo aims to provide indoor coverage of around 61% of the local adult population. The company would aim to launch the service by September 2009.

Figure 3.51 Current local DAB multiplex timetable

Advertised	Location	Application closing date	Adult population in licensed area
Jan 2008	Somerset	23 rd April 2008	481k
Feb 2008	North Wales	21 st May 2008	311k

Analogue commercial station developments in 2007/08

A small number of analogue commercial stations were awarded in England during 2007 including a new station for Manchester: RockTalk 106.1, awarded in February 2007 and set to launch in May 2008. Also in the Herefordshire/Monmouthshire area, Sunshine Radio was awarded in February 2007 and went on-air in December 2007. Meanwhile one analogue licence is still to be awarded for the Plymouth area with applications closing in April 2008.






Radio listening

Radio listening in England is highest in the UK after Wales

Radio services reached 90.3% of the adult population in England on a weekly basis in 2007, (down slightly from 90.6% in 2006). This was similar to radio reach in Wales (90.5%), which had the highest levels of radio listening. Average hours per listener in England were also the second highest of the UK nations, at 23.5 hours per week (up from 23.4 hours per week in 2006). This compared to 24.4 hours per week in Wales and was higher than the average of 22.9 hours per week in Scotland and 23.1 hours per week in Northern Ireland (Figure 3.52)

Figure 3.52 Levels of radio listening in 2007

Average weekly listening hours and percentage reach of population

	England	Scotland	Wales	Northern Ireland	UK TOTAL
					
Average weekly listening	23.5 hours	22.9 hours	24.4 hours	23.1 hours	23.5 hours
Reach	90.3%	88.6%	90.5%	89.6%	90.1%

Source: RAJAR 2007

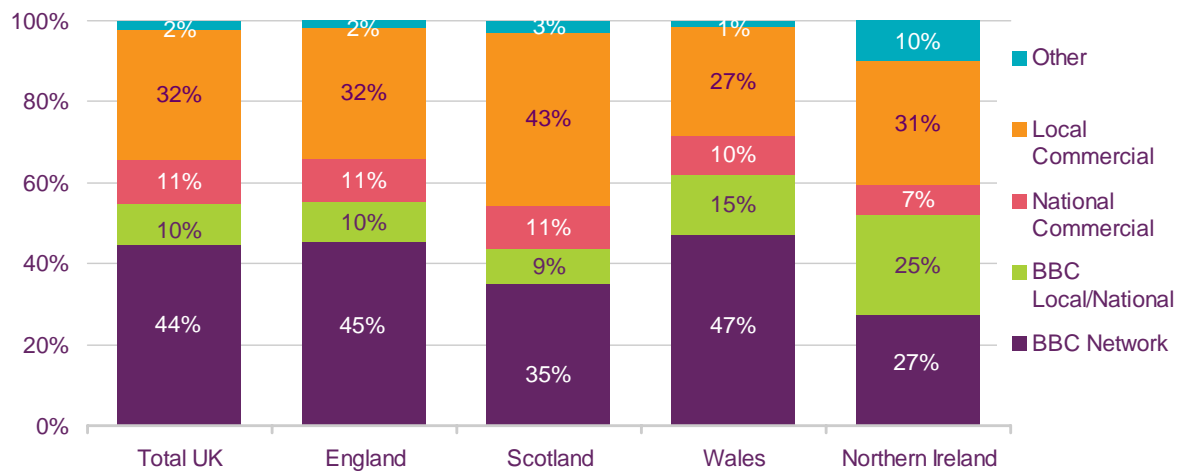
Radio services consumption by service type

Listening to BBC stations accounted for over half (55%) of all radio listening in England in 2007; this was higher than BBC listening in Scotland (44%) and Northern Ireland (52%) but lower than in Wales (62%). Listening to local BBC services accounted for 10% of listening in England; this was lower than in Northern Ireland (25%) and Wales (15%) but slightly higher than in Scotland (9%). Meanwhile, listening to the BBC network stations was also higher than average in England at 45%, just behind Wales at 47% but higher than in Scotland (35%) and Northern Ireland (27%).

Commercial radio stations held a 43% share of listening in England in 2007. This was lower than the commercial radio audience in Scotland, where commercial listening made up over half (54%) of all listening. Commercial share in England was, however, higher than in Wales (37%) and in Northern Ireland (38%).

So, the general picture across the nations is that in England the BBC network and local commercial stations have an above-average audience, while in Wales and Northern Ireland the BBC national stations have a larger than average share. In Northern Ireland 'other' listening has a higher share among local audiences, and in Scotland local commercial radio is the most popular sector.

Figure 3.53 Share of listening hours by nation

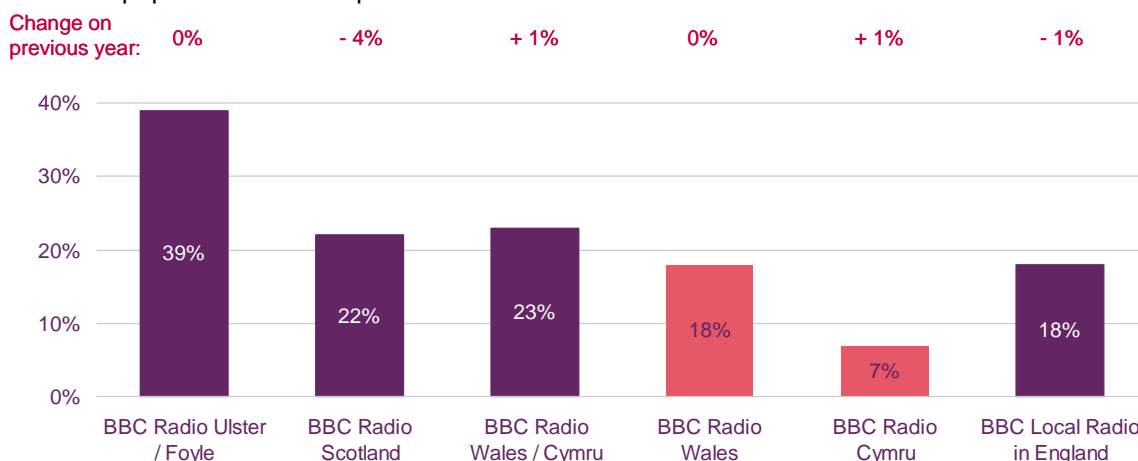


Source: RAJAR 2007

Eighteen per cent of adults in England listened to local BBC radio services on a weekly basis in 2007, down slightly from 19% in 2006. This was below the level of listening to the BBC national stations in Wales, Scotland and Northern Ireland. Listening was highest in Northern Ireland, where 39% of adults listened to BBC Radio Uster/Foyle in an average week during 2007. National BBC audiences were similar in Wales and Scotland, with 23% of adults listening to BBC Radio Wales/Cymru and 22% of adults listening to BBC Radio Scotland / nan Gaidheal.

Figure 3.54 Weekly listening to national / local BBC services

% of adult population reached per week

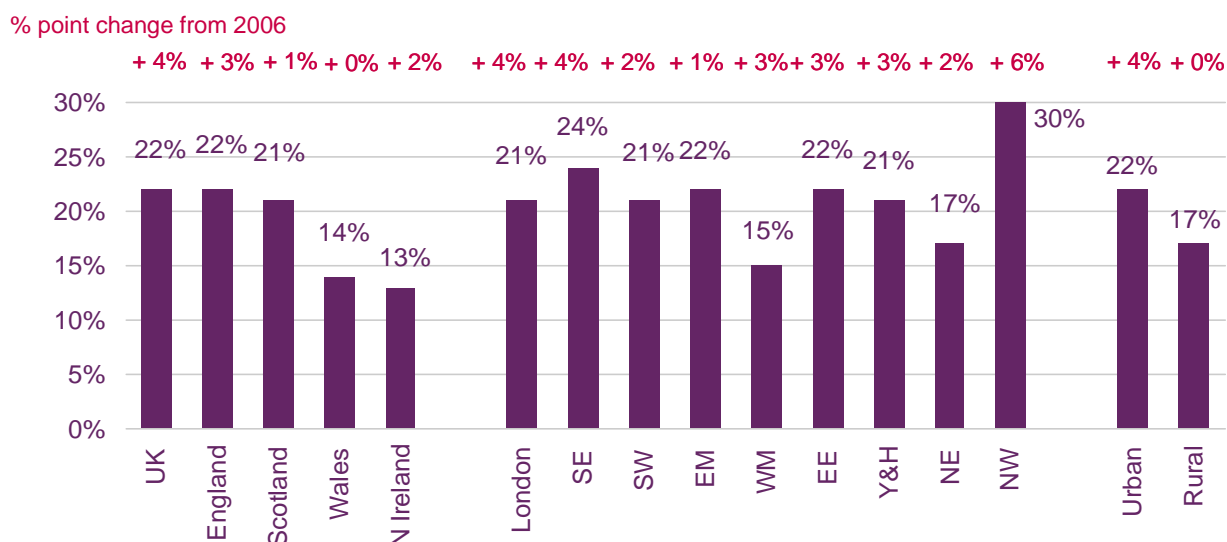


Source: RAJAR Q4 2007

Ownership of DAB digital radio highest in England

Consumer research in 2007 showed that 22% of individuals in England now own a DAB digital radio set, up by 3 percentage points over the year. This is higher than in the other UK nations with take-up in Scotland at 21%, whilst take-up in Wales at 14% and Northern Ireland at 13% were significantly lower. Across the UK, levels of DAB ownership increased most in urban areas up by 4pp. Of the English regions, take-up was highest in the North West at 30%, (up 6pp in the year), with the South East also above average at 24% (up 4pp in 2007). Lower areas of take-up include the West Midlands (15%) and the North East (17%) up by 3 and 2pp respectively over the year (Figure 3.55)

Figure 3.55 Ownership of DAB digital radios



Source: Ofcom. Base: All who listen to radio

Awareness of DAB radio and intentions to purchase higher in England

Awareness of DAB digital radio was also slightly higher in England than in the other nations, with around 75% of respondents having heard of the term 'DAB digital radio', in comparison awareness was lowest in Northern Ireland where only 54% had heard of DAB digital radio. Meanwhile the likelihood of obtaining a DAB set was also higher with 18% of respondents in England saying they were likely to acquire a DAB set in the next six months, compared to 15% in Scotland, Wales and Northern Ireland.

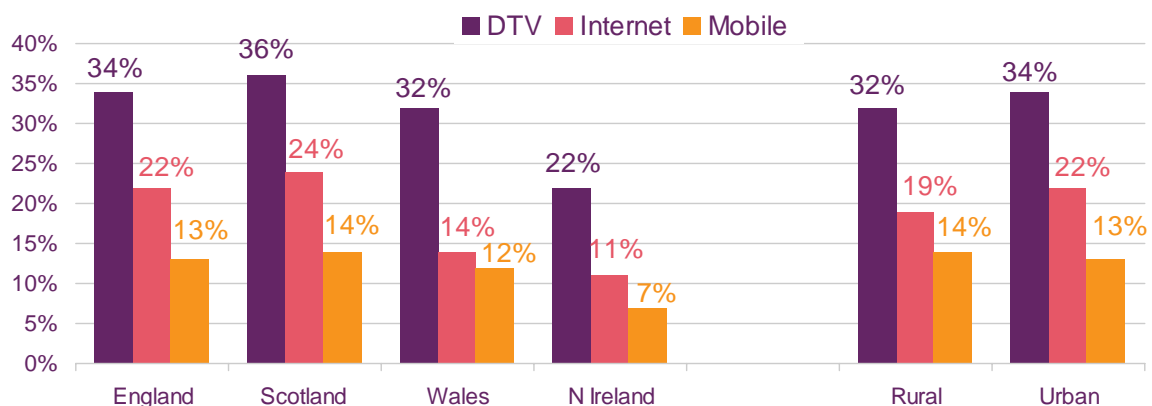
Listening to radio via DTV, internet or mobile phone second highest in England

According to latest research 34% of individuals in England had used digital television to listen to radio channels by 2007, (with 16% claiming to use this feature on a weekly basis). This was the second highest level of DTV listening behind Scotland at 36%, with a similar level in Wales at 32%. DTV listening was however lower in Northern Ireland at 22%.

Listening to radio via the internet had been tried by just over one in five people (22%) in England, (with 10% listening online on a weekly basis). This was just lower than 24% in Scotland but higher than in Wales (14%) and Northern Ireland (11%). Meanwhile listening to radio via mobile phone was a feature used by over one in ten (13%) of people in England, again just below Scotland (14%), and similar to mobile listening in Wales at 12%, with again Northern Ireland being lower at 7% (Figure 3.56)

Figure 3.56 Listening to radio via DTV, internet, mobile phone

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



Source: Ofcom. Base: All who listen to radio

Over 100 community radio licences awarded in England

Community radio licences are awarded to small-scale operators working on a not-for-profit basis to serve local areas or particular communities. The number of community stations has increased over the last couple of years with many new licences issued by Ofcom for services throughout the UK's nations and regions.

To date there have been 128 community radio stations awarded in England, with 83 community stations already broadcasting. This compares to 20 community stations awarded in Scotland, with 11 on air; ten awarded in Wales with four already broadcasting, and six already on air in Northern Ireland with another eight licences awarded. England has the lowest number of community stations per head of population, with an average of 2.6 stations

per million. Northern Ireland has the most stations per head, at 8.5 per million people. Scotland has 4.1 community stations per million, followed by Wales with 3.2 (Figure 3.57).

Figure 3.57 Community radio stations in the UK

Number of community radio stations (average per million head of population)



Source: Ofcom

England community station awards in 2007/08

Many new community stations have been awarded over the past year, including stations in the South West, North East, and Yorkshire regions. Of the current community radio licensing timetable there is one area still to be advertised for East / South East England and London. So far in 2008 a further 15 community stations have been awarded to regions in England, including stations in the North West, Lincolnshire and the Midlands (Figure 3.58).

Figure 3.58 Community station awards in England in 2008

Community station	Location
Amber Sound FM	Ripley, Amber Valley, Derbyshire
Bolton FM	Bolton
Boundary Sound	Newark-on-Trent
Canalside Radio	Bollington, Cheshire
Erewash Sound	Ilkeston, Derbyshire
Gravity FM	Grantham
KCC Live	Knowlsey, Merseyside
Moorlands Radio	Biddulph, Staffordshire
North Manchester FM	Manchester
Peace Radio	Manchester
Preston FM	Lancashire
Radio Lindum	Lincoln
Rosendale Radio	Rosendale Valley, Lancashire
Takeover Radio	Sutton-in-Ashfield, Nottinghamshire
Tulip Radio	Spalding, South Holland , Lincolnshire

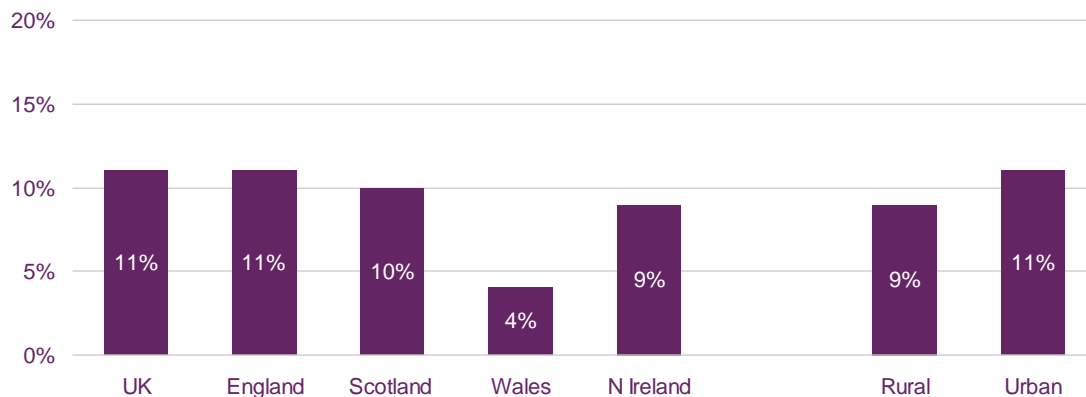
Source: Ofcom

Use of radio for local news in England

In England a higher number of people cited radio as their main source of local news with 11% of respondents choosing radio. This was higher than in Wales where only 4% said radio was their main source and also higher than in Northern Ireland (9%) and Scotland (10%).

Figure 3.59 Use of radio for local news

What, if anything, is your main source of news about what is going on in your area? (Local and regional news)



Base: All who listen to radio

Source: Ofcom Residential Tracker 2007

3.5 Telecommunications

Availability

Fixed-lines

Fixed telephony services over the public switched telephone network (PSTN) are available to all of the UK population as a result of the universal service obligation (USO) which is provided by British Telecom (BT) and Kingston Communications in Kingston-upon-Hull.

Under the USO all UK households have access to a landline at a standard charge, although additional charges for connection apply where the cost of installation is in excess of £3,400. The USO mandates BT and Kingston to provide affordable telephone services for less-advantaged members of the community in the form of special pricing schemes.

As a result of the USO there are no significant issues relating to the availability of fixed voice telephony services anywhere in the UK, although a small number of single dwellings in remote locations may have difficulty in connecting to the network.

Narrowband internet

The availability of narrowband internet services (defined as an internet connection achieved by means of dial-up over a twisted copper pair or coaxial cable at speeds of less than 128kbit/s), is the same as for fixed-line voice services, as the only equipment required to access narrowband services (apart from a standard fixed-line) is a suitably equipped personal computer.

Over recent years the use of narrowband internet services has declined rapidly as the availability of broadband internet services has increased and as prices for these faster services has fallen. According to the Office for National Statistics³, at the end of 2007 less than 10% of UK internet connections were narrowband, compared to 56% three years earlier.

Broadband internet

The two main technologies used to supply broadband services in the UK are digital subscriber line (DSL), supplied over a standard copper twisted pair connected to a local telephone exchange, and cable modem technology over a cable operator's hybrid fibre-coaxial network.

Ofcom figures show that at the end of 2007 DSL connections, including those provided using Local Loop Unbundling (LLU), accounted for 78% of non-corporate broadband connections, compared to 76% a year earlier. Cable modem broadband connections made up 22% of total connections at the end of 2007. Despite growth in the availability and take-up of wireless and satellite broadband services, in particular those using WiMAX and cellular technology, such connections accounted for less than 1% of the total at the end of 2007. Data are not currently available on the take-up of cellular wireless broadband connections, and these are excluded from their connection figures.

³ <http://www.statistics.gov.uk/pdfdir/int0208.pdf>

DSL broadband availability

Figure 3.60 shows that almost all UK households (over 99.9%) were connected to a DSL-enabled BT local exchange at the end of December 2007, although not all of these will be able to obtain broadband services (see the box on ‘not-spots’ below). DSL availability is higher than that of cable modem services in all areas of the UK, therefore the availability of DSL can be used as a model for overall UK broadband availability.

Broadband ‘not-spots’

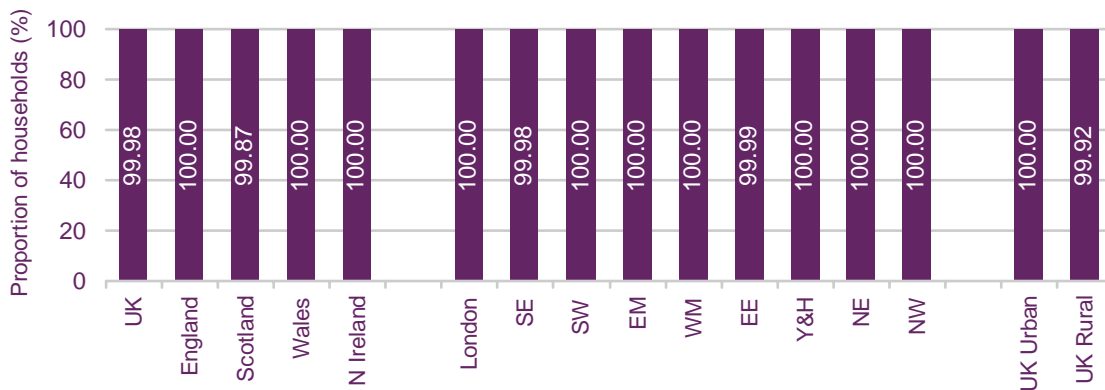
Not all delivery points in an area served by a DSL-enabled area exchange will be able to obtain broadband services, for a variety of reasons including distance from the exchange and network quality.

BT estimates that 99.6% of its network is able to support broadband speeds of 512kbit/s and above. However, even with this level of availability there will still be a significant number of households in ‘not-spots’ (areas unable to receive DSL broadband services), although the exact scale of the problem is difficult to quantify.

Households in ‘not-spots’ will not be able to access or obtain the full experience of using services which require higher or consistent bandwidth, such as VoIP and video streaming. As such, these consumers suffer a substantial detriment, and as both broadband take-up and the use of higher-bandwidth services increase, the scale of the problem is becoming more apparent.

The proportion of households connected to a DSL-enabled exchange was over 99.9% in England at the end of 2007, in line with levels in Wales and Northern Ireland and slightly higher than in Scotland (99.9%). There was no variation in this figure across the English regions, between rural and urban areas of England although across the UK as a whole the proportion of households in urban areas connected to a DSL-enabled exchange was slightly higher than in rural areas.

Figure 3.60 Proportion of households connected to a DSL-enabled exchange



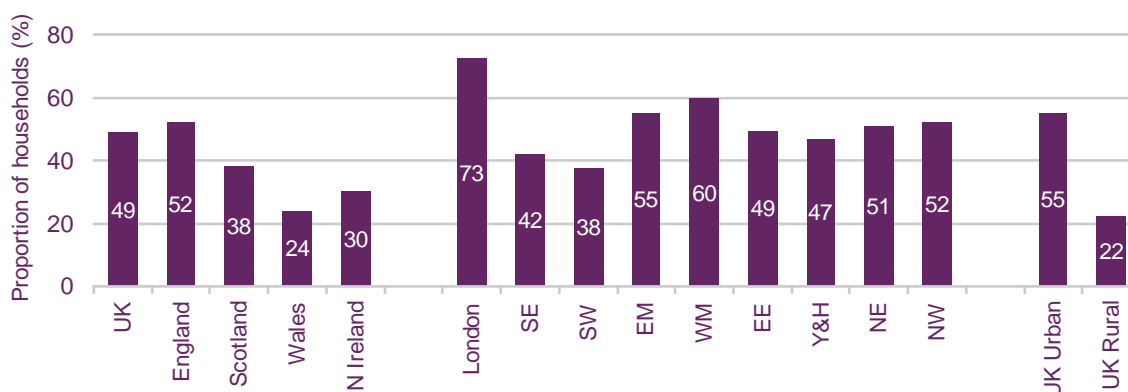
Source: Ofcom/BT, December 2007 data

Cable modem broadband availability

Data from Virgin Media show that at the end of 2007 almost half of UK households (49%) were passed by its broadband-enabled cable network, although a small proportion of these will not be able to receive cable broadband services (Figure 3.60).

The proportion of households passed by Virgin Media's broadband-enabled cable network was highest in England among the nations at 52%, and lowest in Wales at 24%. Among the English regions the proportion passed was highest in London (73%) and lowest in the South West (38%).

Figure 3.61 Proportion of households passed by Virgin Media broadband

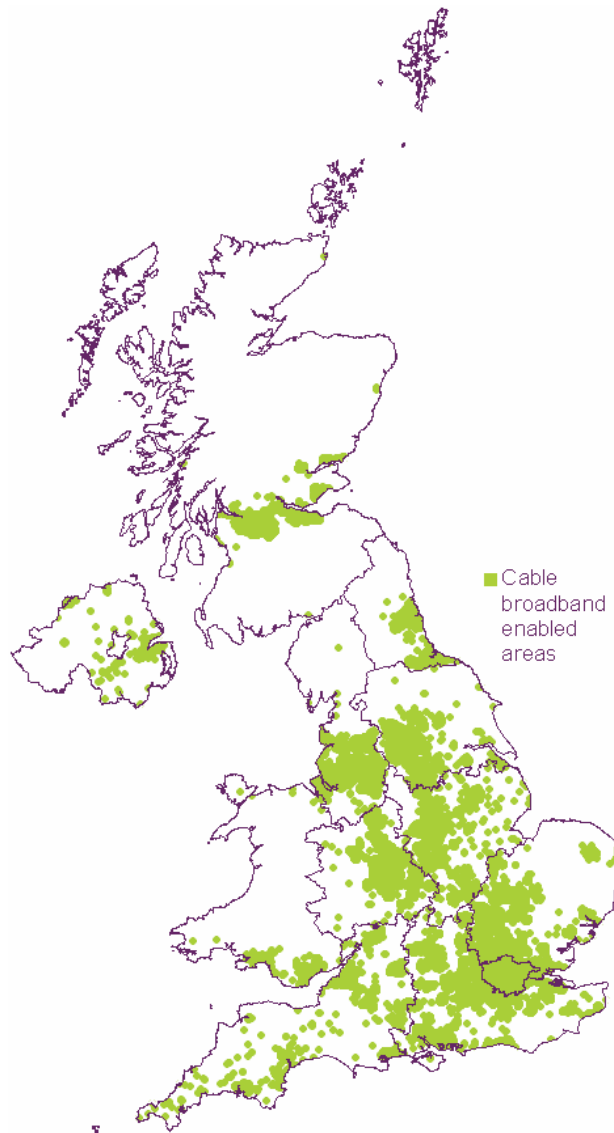


Source: Ofcom/Virgin Media, December 2007 data

Note: The basis on which figures have been calculated is different to that used in the 2007 report

When rolling out their networks the original cable franchisees concentrated network build in areas with high population density, in order to maximise the potential return on their investment. This is clearly reflected in Figure 3.62, which shows that availability of Virgin Media cable broadband services is concentrated in large urban conurbations.

Figure 3.62 Availability of Virgin Media cable broadband

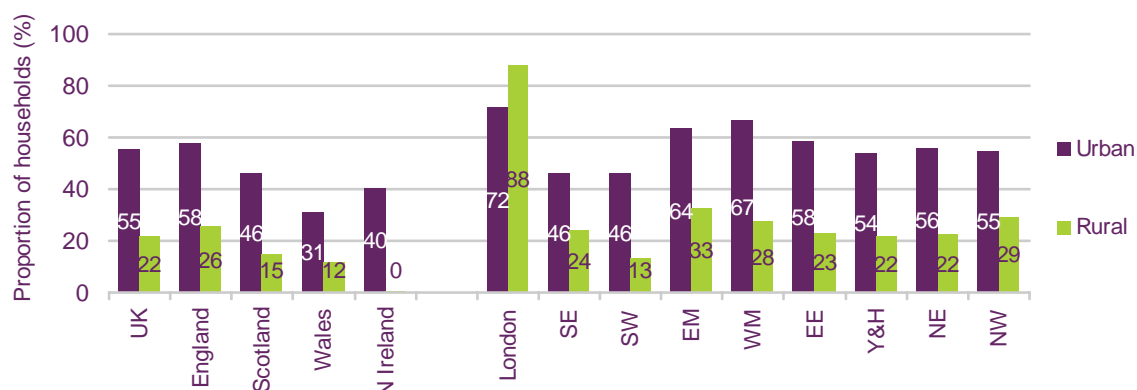


Source: Ofcom/Virgin Media, Q4 2007 data

Households in urban areas in the UK were more than twice as likely to be able to receive cable broadband services as those in rural areas (Figure 3.63).

Across all the UK nations and English regions, except London, cable broadband availability was higher in urban areas than in rural areas at the end of 2007. London is an anomaly, as there are large areas of Central London which have a low residential population, and as such the cable franchisees have not targeted them, while areas of Greater London classified as 'rural' typically have a much higher population density than other rural areas of the UK.

Figure 3.63 Coverage of urban and rural areas by Virgin Media broadband



Source: Ofcom/Virgin Media, December 2007 data

Note: The basis on which figures have been calculated is different to that in the 2007 report; the urban rural split for Northern Ireland is based on the location of the local exchange rather than the area which it covers (as is used for the other nations). As such, the rural figure is likely to be understated and data are not directly comparable to those for the other nations.

Local loop unbundling broadband availability

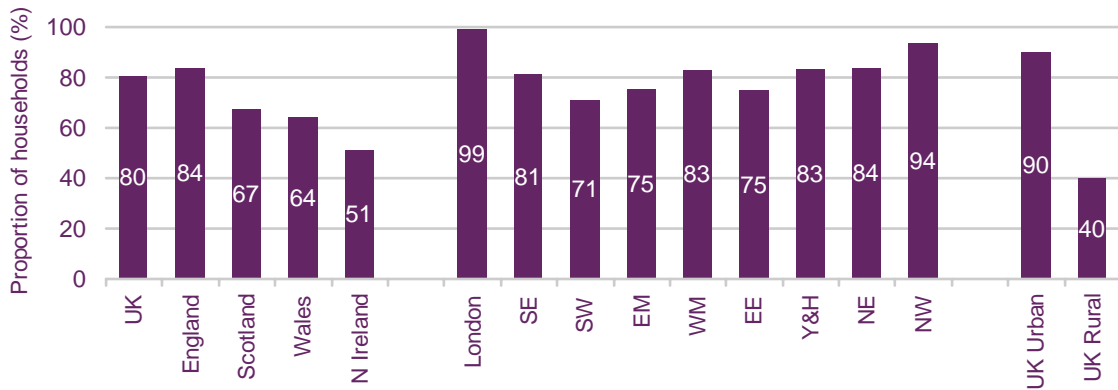
Local loop unbundling (LLU) involves an alternative operator leasing the twisted copper pair between the BT or Kingston Communications local exchange and a customer's premises and placing its own equipment in the exchange. This allows the LLU operator to connect the end-user to its own network and to provide voice and DSL services without investing in an expensive access network over the so-called 'last mile'.

Unbundling an exchange allows operators to offer services without being tied to BT or Kingston's wholesale products, enabling greater differentiation in services and tariffs. It also gives operators access to economies of scale which are not available to them when purchasing wholesale products on a per-unit basis.

Consumers living in an unbundled exchange area are likely to have access to a wider range of suppliers and retail propositions than those living in an area which has not been unbundled, and in the last quarter of 2007 LLU services were responsible for over 85% of the growth in the total number of non-corporate UK broadband connections.

At the end of 2007, as shown in Figure 3.64, 80% of UK households were connected to an unbundled local exchange, an increase from 67% at the end of 2006. The proportion of households connected to an unbundled exchange was highest in England among the nations, at 84%, and lowest in Northern Ireland at 51% (Figure 3.63).

Figure 3.64 Proportion of households connected to an unbundled exchange



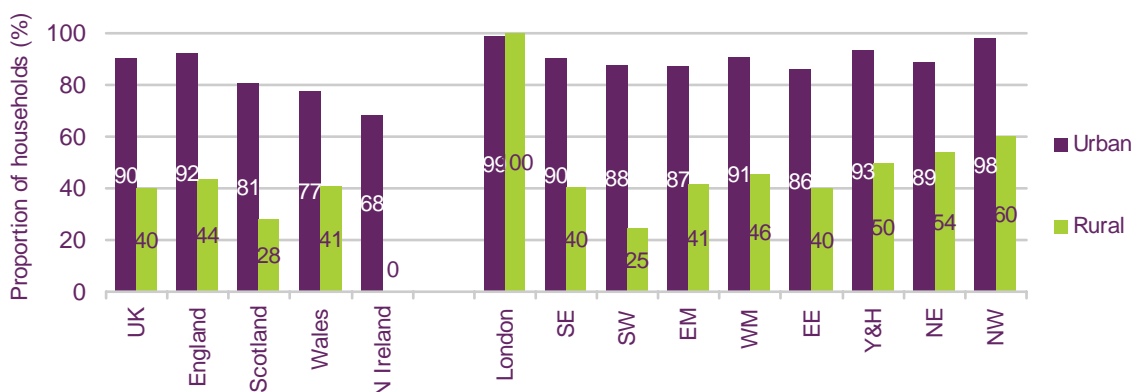
Source: Ofcom/BT, December 2007 data

Among the English regions the proportion of households connected to an unbundled exchange was highest in London, at 99%. Even the lowest LLU availability in the English regions (71%, in the South West) was higher than the availability in the nations other than England.

The high fixed costs associated with unbundling a local exchange (installing the equipment in the local exchange, the equipment itself and providing connectivity to the LLU provider's network) and the low rental cost per line (currently £1.30 a month for DSL services and £6.67 per month for DSL and voice services) mean that in order for an unbundled exchange to generate profit it needs to have a large number of customers.

This being the case, LLU operators have tended to unbundle exchanges serving a large number of delivery points, and typically these are found in urban areas. This is reflected in the fact that 90% of households in urban areas are connected to an unbundled local exchange, compared to just 40% in rural areas.

Figure 3.65 Proportion of households in urban and rural areas connected to an unbundled exchange

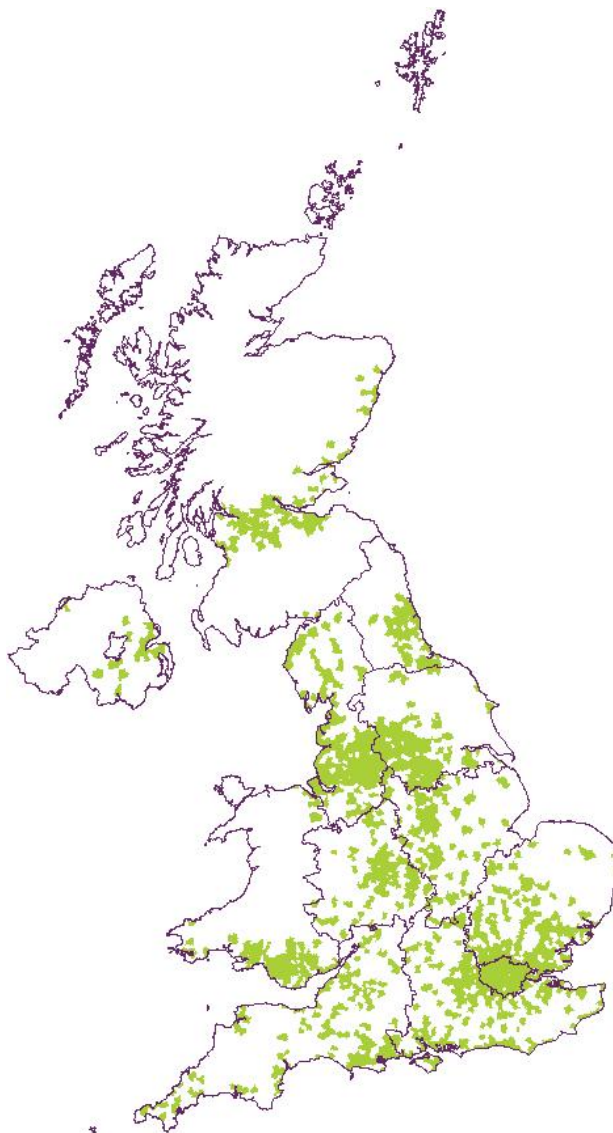


Source: Ofcom/BT, December 2007 data

Note: The urban rural split for Northern Ireland is based on the location of the local exchange rather than the area which it covers (as is used for the other nations). As such, the rural figure is likely to be understated and data are not directly comparable to those for the other nations.

Figure 3.66 below shows the areas in the UK able to receive LLU-based voice and broadband services and indicates the concentration of unbundled exchange areas in urban locations.

Figure 3.66 Areas served by unbundled exchanges



Source: Ofcom/BT, Q4 2007 data

Mobile availability

In order 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 75% of the postcode district, and by using this data in conjunction with population figures we are able to calculate the proportion of people living in such postcode districts. The 75% threshold is different to those used in the 2007 report (when we used 95% for 2G services and 50% for 3G) for the following reasons:

- to allow direct a comparison of 2G and 3G coverage levels;
- to reflect that the availability of 3G services is now widespread; and
- analysis of the data at a 95% area threshold revealed that small changes in the way in which the 2008 coverage figures had been compiled by the mobile network operators led to marked differences in the output figures.

It is important to note that just because a postcode district does not have 75% mobile coverage it does not necessarily follow that mobile services are not available there.

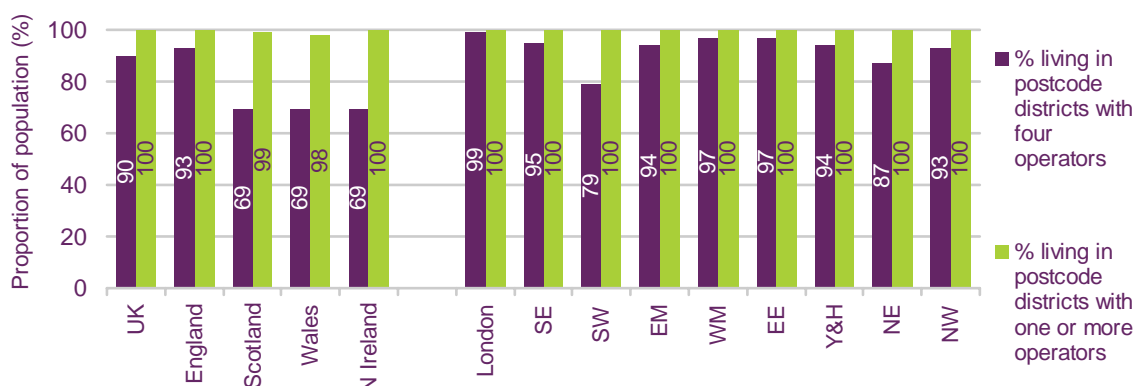
2G availability high across most of the UK

For 2G services we identified postcode districts where a) at least one and b) all four of the 2G networks had area coverage over the 75% threshold. It is important to note that the figures for Q1 2008 are not directly comparable with those published in the 2007 report as a result of the changes to the area coverage threshold outlined above.

The data show that across the UK almost all of the population (over 99%) lived in a postcode district where there was at least 75% 2G area coverage from one or more of the mobile networks in Q1 2008 (Figure 3.67). Among the nations the proportion living in a postcode district with 2G coverage from at least one operator ranged from 98% in Wales to over 99% in all of the English regions and Northern Ireland.

There was greater variation in the proportion of people living in a postcode district with at least 75% coverage from all four 2G mobile networks. Across the whole of the UK 90% of people lived in such an area, with England at 93% (ranging from 99% in London to 79% in the South West) and Scotland, Wales and Northern Ireland at 69% each.

Figure 3.67 2G mobile phone population coverage



Source: GSM Association / Europa Technologies; Q1 2008

Note: Figures show the percentage of population within postcode districts where at least one or four operators had at least 75% 2G area coverage; data not directly comparable to that published in the 2007 report.

2G geographic coverage lowest in Scotland

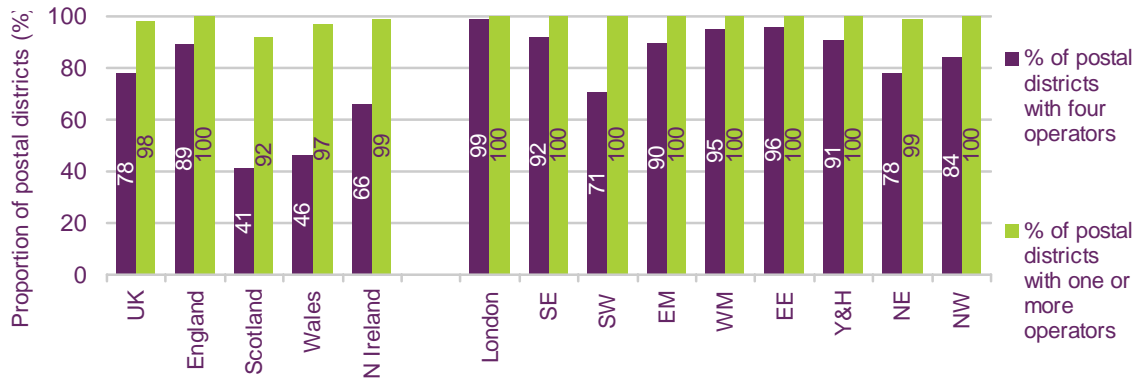
In addition to population coverage we also calculated geographic 2G coverage (using the same 75% area coverage threshold) in order to understand where there were gaps in coverage. Figure 3.68 shows that, although 2G mobile geographic coverage was high across most of the UK in Q1 2008, it was not as high as population coverage. This is a result of the networks concentrating network build in areas of higher population density.

The majority of postcode districts in the UK (98%) had 2G area coverage from one or more mobile networks (Figure 3.68). Among the UK nations geographic 2G coverage was highest in England (over 99%) and lowest in Scotland (92%).

In all but one of the English regions the proportion of postcode districts with 75% 2G coverage from at least one network was over 99%, the exception being the North East at 99%. The areas of England affected by lower levels of network 2G coverage included parts of the South West and parts the Wales and Scotland border areas.

The proportion of postcode districts with 75% area coverage from all four 2G networks varied across the UK nations and English regions. In all of the nations except England (89%) less than two-thirds of postcode districts had 2G coverage at a 75% area threshold from all four 2G networks. In the English regions the proportion ranged from 71% in the South West to 99% in London.

Figure 3.68 2G mobile phone geographic coverage

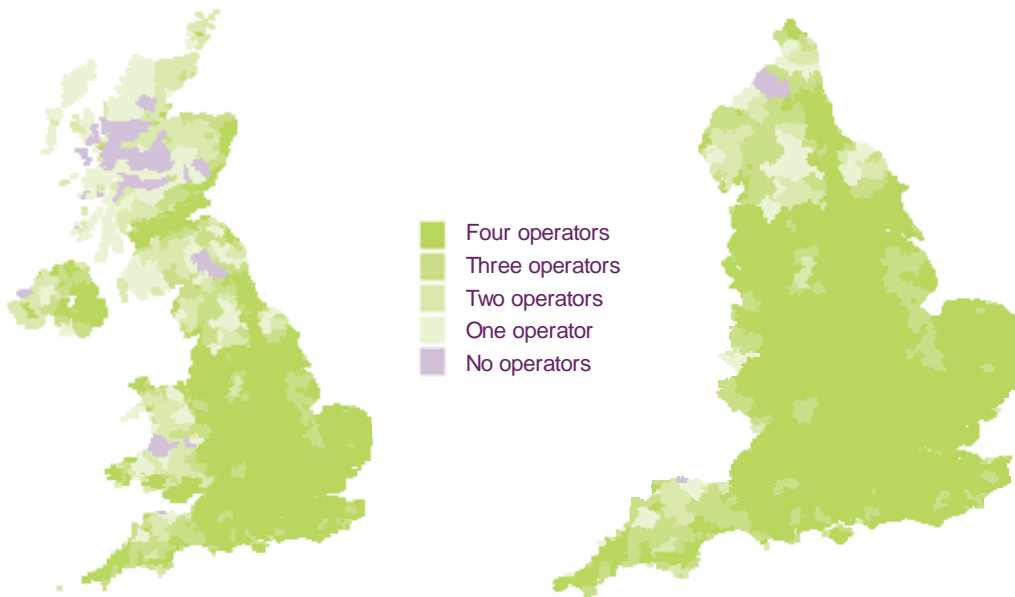


Source: GSM Association / Europa Technologies; Q1 2008

Note: Figures show the percentage postcode districts where at least one or four operators had at least 75% 2G area coverage; data not directly comparable to that published in the 2007 report.

The lower coverage in Scotland reflects the fact that large areas of the very sparsely populated Highlands and Islands are without coverage, and availability was also low in areas of mid-Wales and the west of Northern Ireland, many of which have poor coverage as a result of topographies that limit the range of cellular masts.

Figure 3.69 Map of 2G mobile phone geographic coverage by number of operators



Source: Ofcom / GSM Association / Europa Technologies; Q1 2008

Note: Maps show the number of 2G operators with at least 75% area coverage; not directly comparable to those published in the 2007 report.

3G availability concentrated around urban areas

The 75% postcode district network footprint threshold was also used when analysing 3G mobile availability. In the 2007 report a 50% area threshold was used for 3G services to reflect ongoing network rollout ahead of the end 2007 deadline for achieving 80% population coverage as stipulated in the five 3G licences. This means that that the data in this year's report are not comparable to those published last year.

Similarly, it should be noted that the methodology used to derive the coverage data in this report is different to that which was used to ascertain whether the 3G networks had met the coverage obligations outlined in their 3G licences earlier this year. The data in this report are based on postcode district coverage estimates provided to the GSM Association by the mobile networks, while the methodology used to establish whether the 3G licence coverage obligations had been met can be found at:

http://www.ofcom.org.uk/consult/condocs/3g_rollout/3GRolloutobligation/

In the case of 3G services there are five network operators (rather than four as there are for 2G) and we identified postcode districts where a) at least one and b) at least four of the 3G networks had area coverage above the 75% threshold.

90% of the UK population lives in an area where 3G services are available

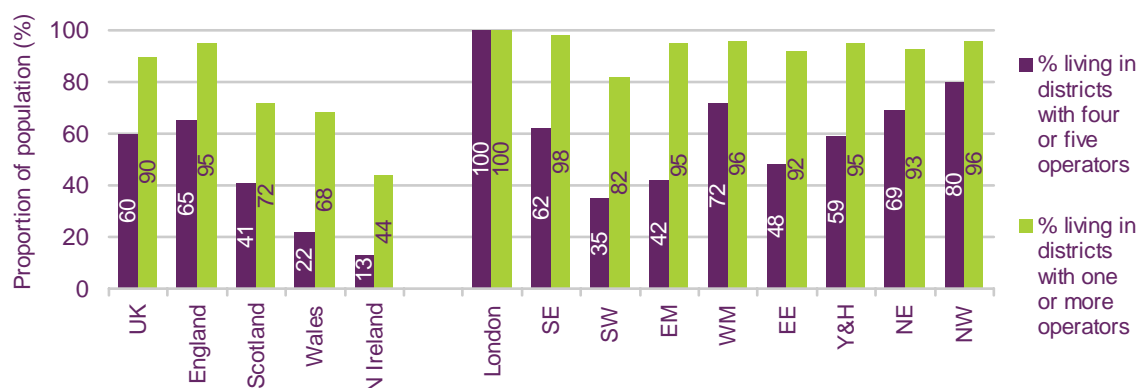
Across the UK, 3G coverage figures were lower than those for 2G services, the only exception being in London where the proportion of postcode areas with 2G and 3G coverage from at least one network at the 75% threshold was the same (over 99%) and the proportion with 3G coverage from four or more networks at the same threshold was higher than for 2G.

The data show that 90% of the UK population lived in a postcode district with at least 75% area coverage from one or more 3G networks, and the proportion among the UK nations varied from 44% in Northern Ireland to 95% in England (Figure 3.70). Differences in the proportion of people living in areas with 75% 3G area coverage from one or more operators also existed in the English regions, although these were not as extreme as the variation between nations and the proportion ranged from 82% in the South West to over 99% in London.

60% have a choice of four or more 3G networks

Across the UK, 60% of people lived in postcode districts with 75% 3G area coverage from at least four mobile networks. The proportion living in these areas was highest in England (65%) and lowest in Northern Ireland (13%). In the English regions the proportion living in areas with 3G coverage from four or five operators ranged from 35% in the South West to over 99% in London.

Figure 3.70 3G mobile phone population coverage



Source: GSM Association / Europa Technologies; Q1 2008

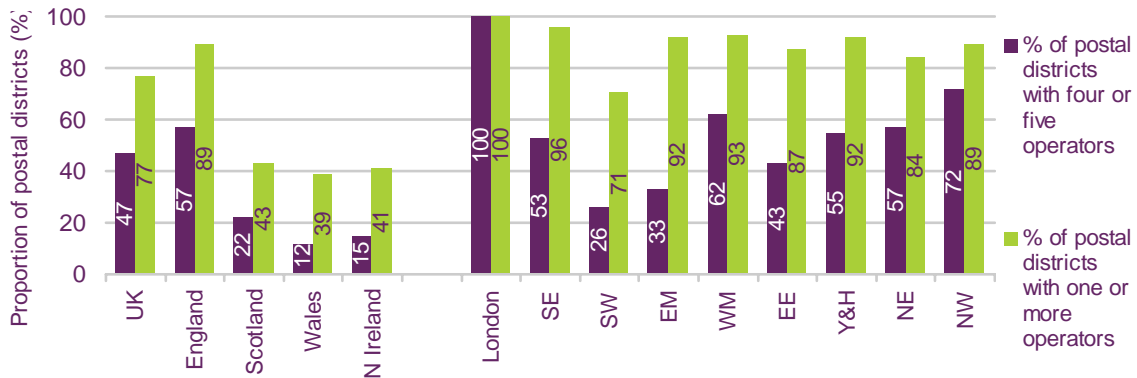
Note: Figures show the percentage of population within postcode districts where at least one or four or five operators had at least 75% 3G area coverage; data not directly comparable to that published in the 2007 report.

Geographic 3G coverage varies widely across the UK

Analysis of geographic 3G coverage showed that in Q1 2008 over three-quarters (77%) of UK postcode districts had 75% 3G area coverage from one or more of the mobile networks (Figure 3.71). Among the UK nations the geographic 3G coverage ranged from 89% in England to 39% in Wales. The proportion of postcodes with 3G coverage was higher in all of the English regions than it was in any of the nations other than England, and ranged from 71% in the South West to over 99% in London.

Across the UK, just under half of postcode districts (47%) had 75% 3G area coverage from at least four of the UK 3G networks. The proportion in England (57%) was, again, much higher than in the other nations where it ranged from 22% in Scotland to 12% in Wales. Once again, coverage was higher in all of the English regions than it was in any of the nations other than England, and the proportion of postcodes with 75% coverage from four or five operators was highest in London (over 99%) and lowest in the South West (26%).

Figure 3.71 3G mobile phone geographic coverage

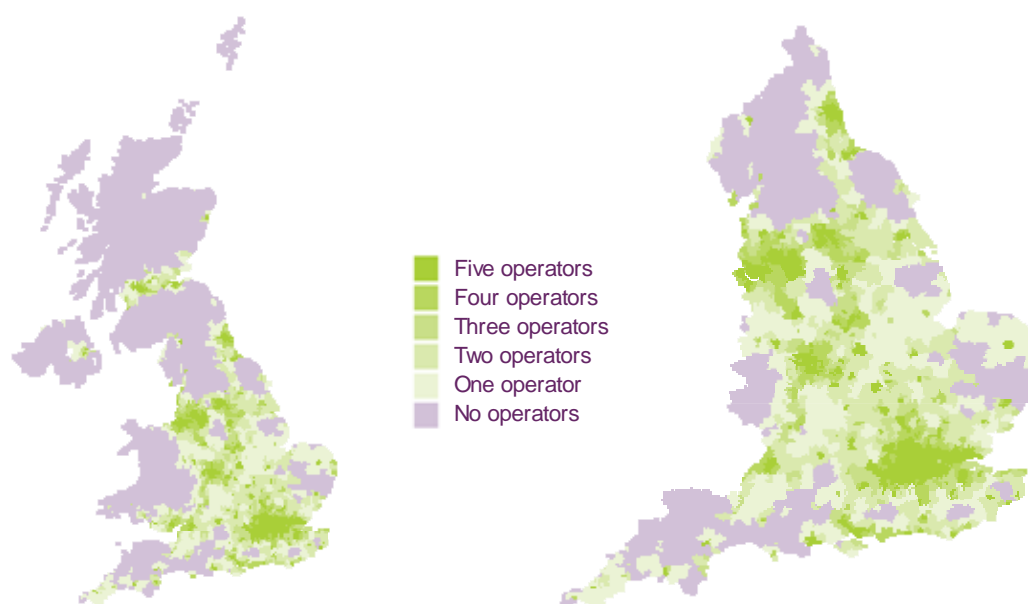


Source: GSM Association / Europa Technologies; Q1 2008

Note: Figures show the percentage postcode districts where at least one or four or five operators had at least 75% 2G area coverage; data not directly comparable to that published in the 2007 report.

Figure 3.72 shows where the mobile operators have implemented their 3G networks. Across the UK 3G network rollout has been concentrated in urban areas to enable the networks to meet the population coverage obligations outlined in the 3G spectrum licences. The result of this is that there are still large areas with a low population density where 3G services are not available.

Figure 3.72 Map of 3G mobile phone geographic coverage by number of operators



Source: Ofcom / GSM Association / Europa Technologies; Q1 2008

Note: Map shows the number of 3G operators with at least 75% area coverage; not directly comparable to that published in the 2007 report.

Service take-up

England had the highest levels of telecoms ownership across the UK; 85% of respondents had a mobile phone, 66% had internet access and 57% had a broadband connection, according to the 2008 survey (Figure 3.73).

Consistent with the UK data, rural England tended to have higher landline ownership than urban areas. There are fewer owner-occupiers living in households in urban areas, and those in rented accommodation were more likely to rely on mobile telephony alone. Take-up of other telecoms services in England was broadly consistent across urban and rural areas.

Comparisons between the two largest English cities, London and Birmingham, indicated that with the exception of mobile telephony, take-up was lower in Birmingham, where the average income is significantly lower than in the capital. Plymouth, on the other hand – one of the smallest English cities, with average income levels - reported take-up broadly in line with that in London.

Liverpool and Manchester reported broadly similar levels of communications take-up which tended to be lower than average, particularly for internet and broadband services. Both these cities have lower than average income which at least partly explains the lower levels of communications ownership.

Figure 3.73 Take-up of communications services 2008

		UK	England	Scotland	Wales	N. Ireland	UK Rural	UK Urban
Individual								
Voice telephony	Fixed Line	87%	87%	87%	79%	88%	93%	86%
	Mobile	84%	85%	81%	82%	85%	84%	84%
Internet	PC	69%	70%	64%	60%	65%	73%	68%
	Total Internet	65%	66%	60%	55%	61%	69%	64%
	Broadband	57%	58%	53%	45%	52%	59%	57%

Figure 3.74 Take-up of communications services 2008 – urban England

		Eng Urb	Ldon	SE Urb	Bristol & SW Urb	Ply'th	Truro	Em Urb	B'ham	WM Urb	EE Urb	Y&H Urb	N'cstle	S'land	M'b oro*	Gtr Mcr	City Mcr	Lpo ol
Individual																		
Voice telephony	Fixed Line	87%	92%	93%	87%	90%	92%	83%	78%	89%	89%	81%	87%	93%	83%	72%	81%	78%
	Mobile	85%	86%	83%	84%	90%	89%	82%	85%	82%	89%	87%	87%	83%	88%	82%	83%	82%
Internet	PC	69%	72%	74%	71%	76%	66%	66%	64%	67%	78%	66%	73%	81%	75%	56%	62%	60%
	Total Internet	66%	73%	71%	63%	72%	62%	62%	60%	63%	76%	61%	61%	73%	62%	51%	58%	54%
	Broadband	58%	62%	65%	59%	64%	53%	51%	55%	57%	68%	55%	55%	66%	60%	44%	52%	40%

Figure 3.75 Take-up of communications services 2008 – rural England

		Eng Rural	SE Rural	Dvn/ Cwl Rural	Other SW Rural	EM Rural	WM Rural	EE Rural	Y&H Rural	Nthld Rural	Dham Rural	Cum bria Rural	Other NW Rural
Individual													
Voice telephony	Fixed Line	93%	94%	99%	93%	95%	91%	96%	85%	89%	82%	90%	93%
	Mobile	85%	92%	90%	88%	73%	75%	90%	83%	78%	83%	79%	86%
Internet	PC	75%	81%	82%	84%	55%	72%	79%	70%	66%	66%	71%	77%
	Total Internet	70%	80%	76%	80%	53%	68%	70%	60%	63%	60%	65%	75%
	Broadband	60%	68%	65%	67%	37%	62%	62%	53%	54%	54%	54%	66%

Source: Ofcom

Fixed-line telephony

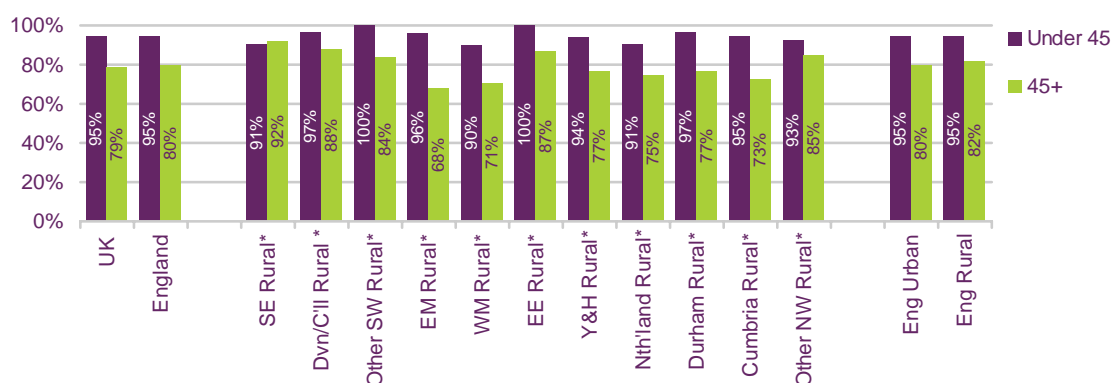
The lowest levels of landline ownership were in large urban areas such as Greater Manchester (72%), Birmingham (78%) and Liverpool (78%). Adults in these regions were more likely than average to rely solely on a mobile phone.

When comparing rural and urban parts of each of the nations take-up was consistently higher in England, Scotland and Northern Ireland than in Wales.

Mobile telephony

Mobile phone ownership varied across England, with lower than average ownership tending to be concentrated in rural areas in the Midlands, Northumberland and Cumbria, all of which had mobile penetration below 80% (Figure 3.76). There were indications that the lower take-up in these regions was due to lower than average take-up among older age groups (45+).

Figure 3.76 Personal use of mobile phones by age – rural England



Source: Ofcom. Base: All with a mobile

* Sample size less than 100. Apply caution and treat as indicative only.

While at an overall level England had slightly higher mobile ownership than Scotland, take-up was broadly similar when comparing rural parts of these nations (85% and 84% respectively)

Personal mobile ownership rose to 85% in England, an increase of 4 percentage points on 2006. This trend was consistent across most English regions, with the highest growth being in the North West (up from 80% to 87%) and the South West (from 76% to 84%) of England. Growth in mobile ownership in these regions was driven by a significant rise among consumers aged 45+; at a national level mobile ownership increased by 10 percentage points among this age group.

PC, internet and broadband

As noted above, of the four nations, England had the highest levels of PC (70%), internet (66%) and broadband (58%) ownership.

The difference between PC ownership in England and in Northern Ireland was more pronounced in the rural parts of these nations; in rural England ownership levels were at 75%, compared to 63% in rural Northern Ireland. However, levels of broadband take-up in rural parts of England and Scotland were broadly comparable.

A regional comparison indicated that Greater Manchester had the lowest levels of PC (56%), internet (51%) and broadband (44%) take up across urban England, and adults in this area were also the least likely to have a landline at home.

Lower internet take-up in Greater Manchester may be linked to lower landline penetration. While mobile network-based internet access is becoming widely available, the most common methods of connection continue to be ADSL or cable modem broadband services.

Newcastle, one of the smaller English cities, reported broadly similar levels of PC ownership to London (73% compared to 72%) although, fewer PC owners in this city were connected to broadband (55%) or indeed narrowband internet.

Analysis of the trend in ownership indicates that at a UK level, PC ownership remained stable, although there were some fluctuations in ownership across England. With the exception of Wales, internet ownership continued to rise across the UK and the gap between PC ownership and home internet take-up narrowed. Within England, the largest rises in home internet take-up were in the North East, East of England and London.

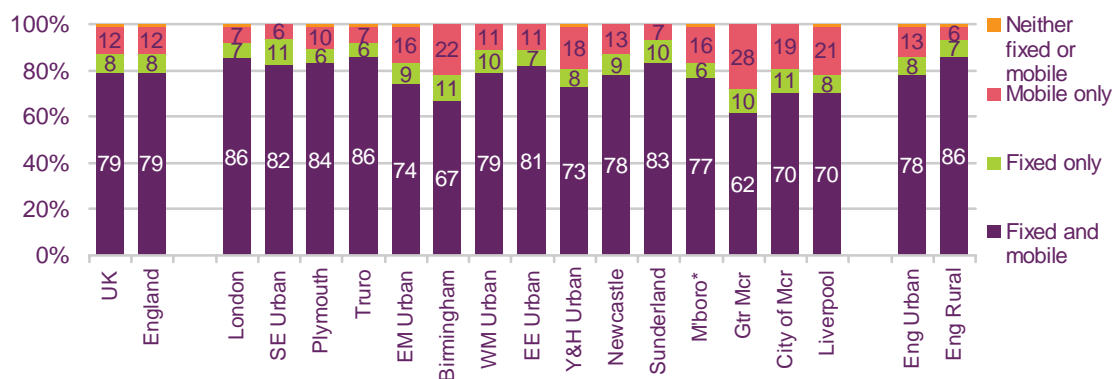
Mobile-only households

Around one in ten (12%) consumers in England said they relied solely on a mobile phone at home - similar to levels reported in Scotland (12%) and Northern Ireland (11%), but lower than in Wales (19%).

Adults living in urban areas of England were twice as likely to only have a mobile at home (13%) than those in rural areas (6%), as shown in Figure 3.77.

As noted above, adults in Manchester, Liverpool and Birmingham were all more likely than average to rely solely on a mobile phone, than those living in other cities in England.

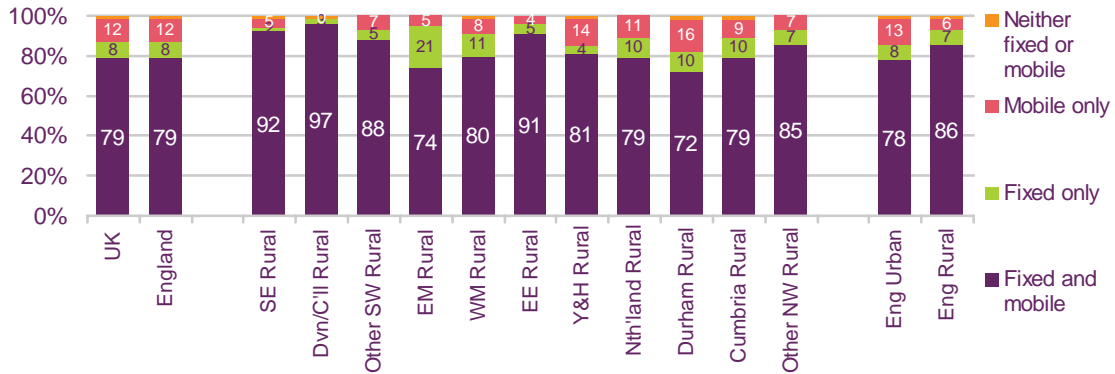
Figure 3.77 Cross-ownership of household telephony services – urban England



Source: Ofcom

* Sample size less than 100. Apply caution and treat as indicative only.

Figure 3.78 Cross-ownership of household telephony services – rural England



Source: Ofcom

Greater Manchester had by far the highest proportion of mobile-only homes across England, at 28% (Figure 3.77). Other areas of England with a significantly higher than average proportion of mobile-only homes were Birmingham (22%), Liverpool (21%), City of Manchester (19%) and Yorkshire and Humber (18%).

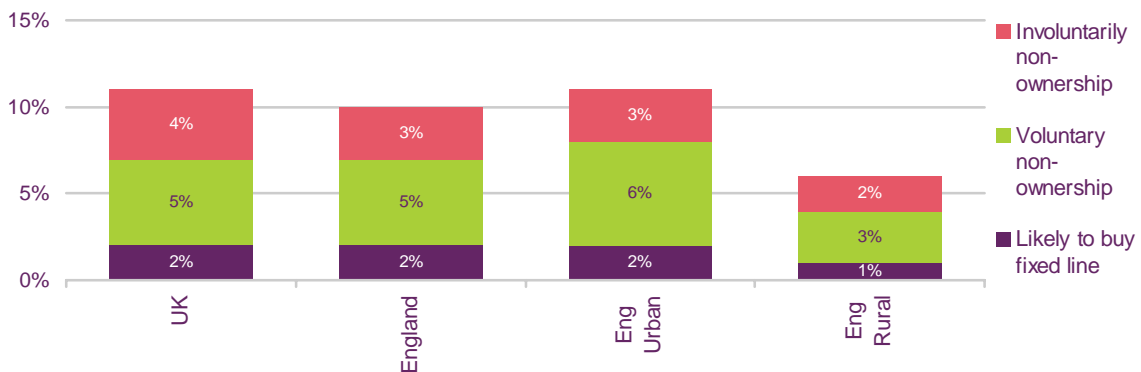
London was the only region to report fewer mobile-only homes than in 2006, down from 11% to 7%. More homes in London now have a landline in addition to their mobile, perhaps related to increasing internet penetration.

Non-ownership of communications services

There are many possible reasons for not owning a particular communications service, and these generally fall into one of two 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. In the following analysis where consumers gave multiple responses which fall into both categories these have been reported as 'involuntary'

Reasons given for not having a fixed-line phone were split fairly evenly between lack of need/interest and the cost being considered too high.

Figure 3.79 Non-ownership of landline services

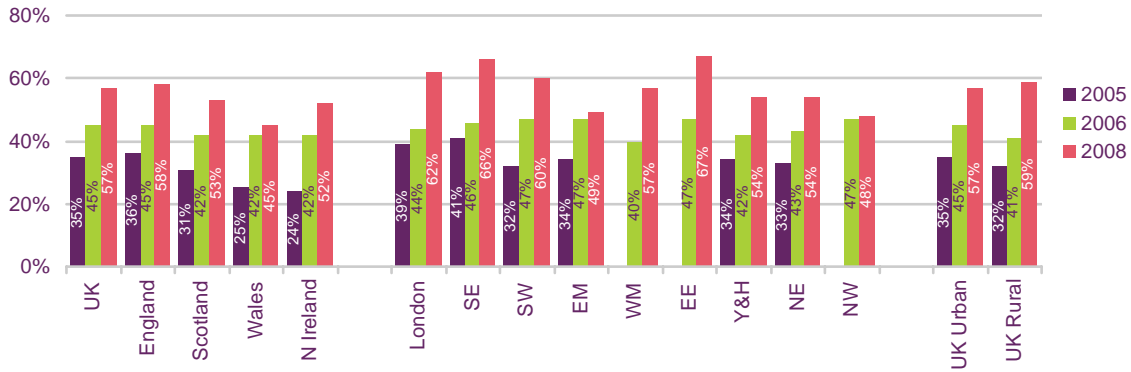


Source: Ofcom

Broadband

Take-up of broadband in England increased by more than 10 percentage points between 2006 and 2008 (Figure 3.80), in line with Scotland and Northern Ireland. It increased across most English regions, most notably in London, the South East, the East Midlands and the West Midlands.

Figure 3.80 Broadband take-up trend

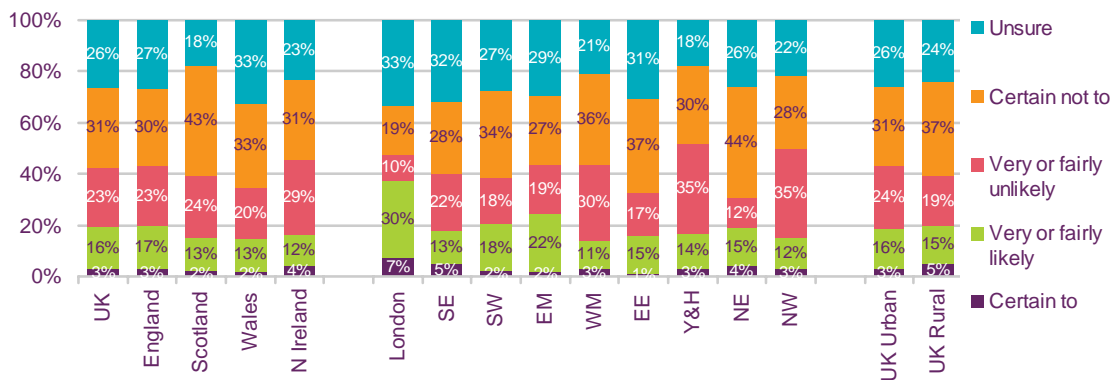


Source: Ofcom. Base: Adults aged 15+

Of those adults currently without a home broadband connection, a higher proportion of those in England (20%) than in the other nations said they were likely to get broadband in the next 12 months (Figure 3.81). A significantly higher proportion of narrowband users in England (41%) said that they were likely to get a broadband service than did non-internet owners in England (17%).

At a regional level, consumers without a home broadband connection in London were the most likely to say they would get broadband (37%). There was also some indication that future take-up would be higher in parts of rural South West England, where 13% said they were 'certain to' get broadband.

Figure 3.81 Intention to get broadband in the next year



Source: Ofcom Base: All without broadband

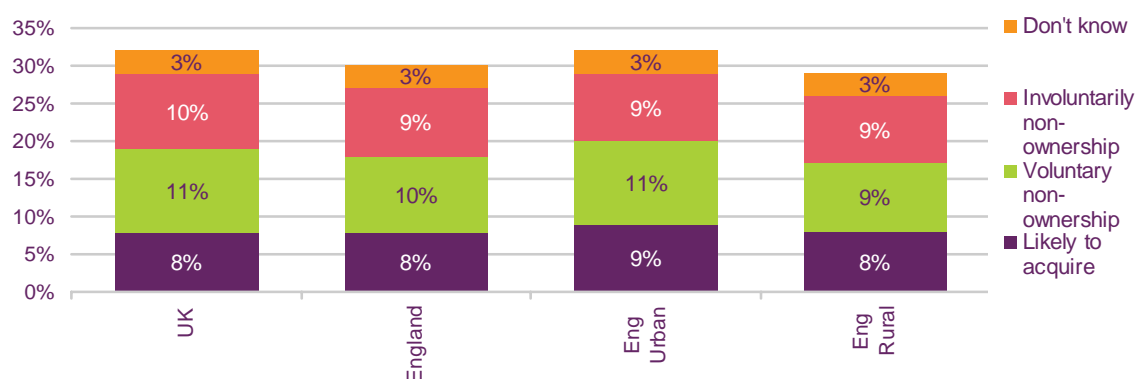
Non-ownership of broadband

Around one in ten (9%) adults in England said that they did not have broadband internet access at home for involuntary reasons, second only to Scotland (19%).

The main reasons given for not having broadband at home were: ‘no need’ (voluntary) followed by ‘too expensive’ (involuntary). Availability did not appear to be a barrier for most – only 1% of adults in England without broadband gave the reason that it was not available in their area.

One in ten of those who said they were involuntarily without broadband had a narrowband internet connection, while the remainder had no internet access at home.

Figure 3.82 Non-ownership of broadband

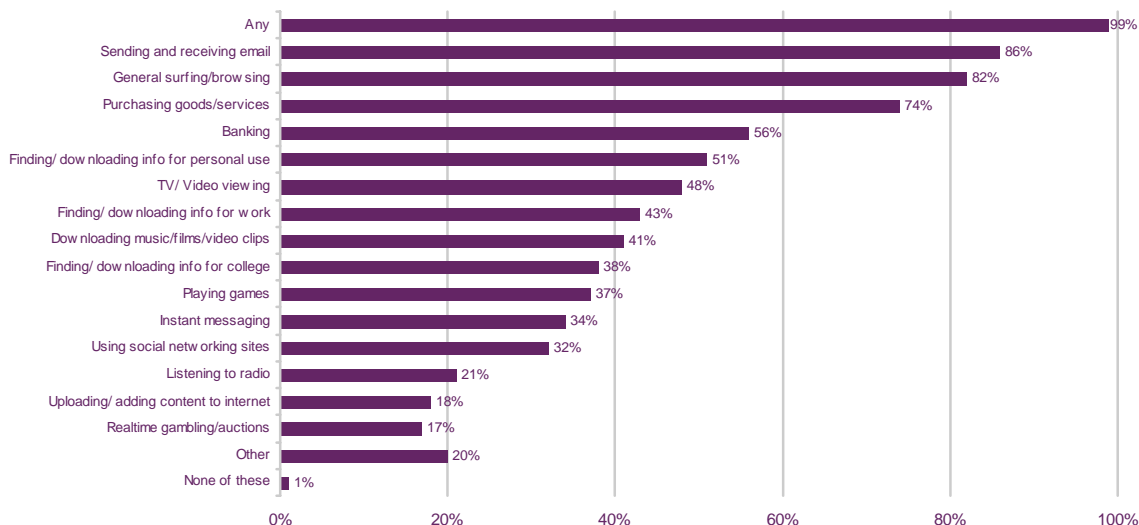


Source: Ofcom Base: All without broadband

Use of internet applications

Broadband users in England said they used the internet for a wide range of activities (Figure 3.83). For example, almost a fifth (18%) said they uploaded or added their own content to the internet, a third (32%) said that they used social networking sites and almost half (48%) said they watched TV or video clips over the internet.

Figure 3.83 Use of online applications among broadband users in England



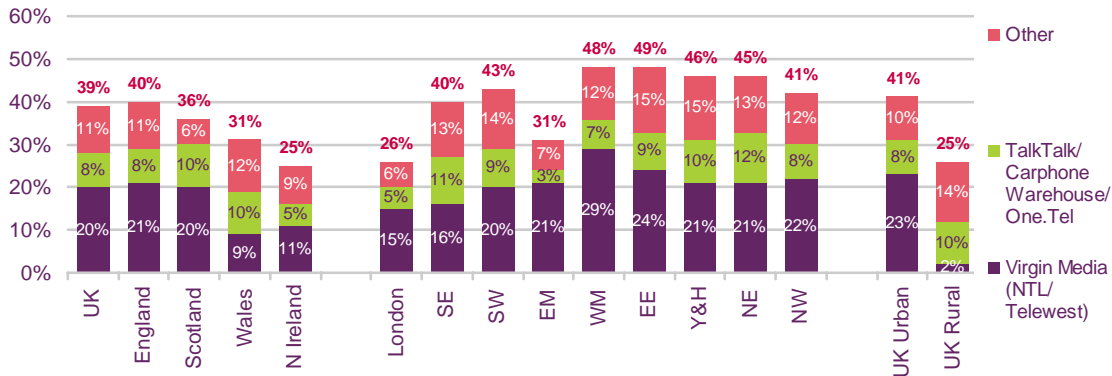
Source: Ofcom Base: All with broadband

Suppliers

Fixed-line suppliers

Four in ten adults with a landline in England said they used a supplier other than BT to provide their service. Use of suppliers other than BT was slightly, but significantly, higher in England (40%) than in Scotland (36%), and use of non-BT suppliers in both these nations was higher than in Wales (31%) and Northern Ireland (25%). This is likely to be related to the higher availability of LLU services in England.

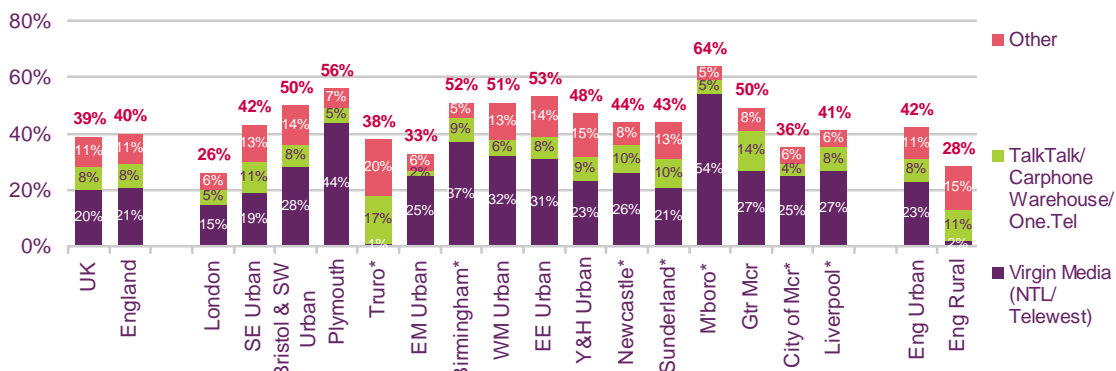
Figure 3.84 Fixed-line supplier use



Source: Ofcom. Base: All with a fixed line

Fixed-line users in urban areas of England tended to make greater use of alternatives to BT than those in rural areas (42% and 28% respectively), partly as a result of availability (Figures 3.85 and 3.86). The highest use of other suppliers was noted in Middlesbrough, where 64% said they used an alternative to BT, and Virgin Media had a higher than average share.

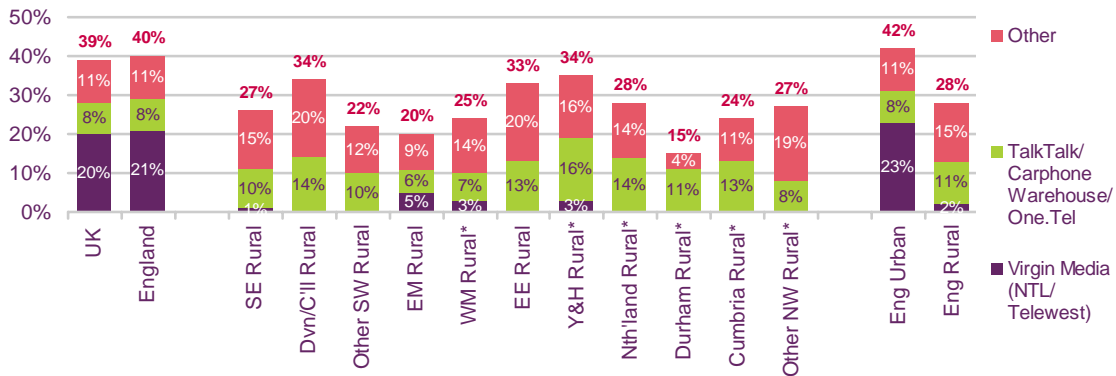
Figure 3.85 Fixed-line supplier use – urban England



Source: Ofcom Base: All with a fixed-line

* Sample size less than 100. Apply caution and treat as indicative only.

Figure 3.86 Fixed-line supplier use – rural England



Source: Ofcom. Base: All with a fixed line
* Sample size less than 100. Apply caution and treat as indicative only.

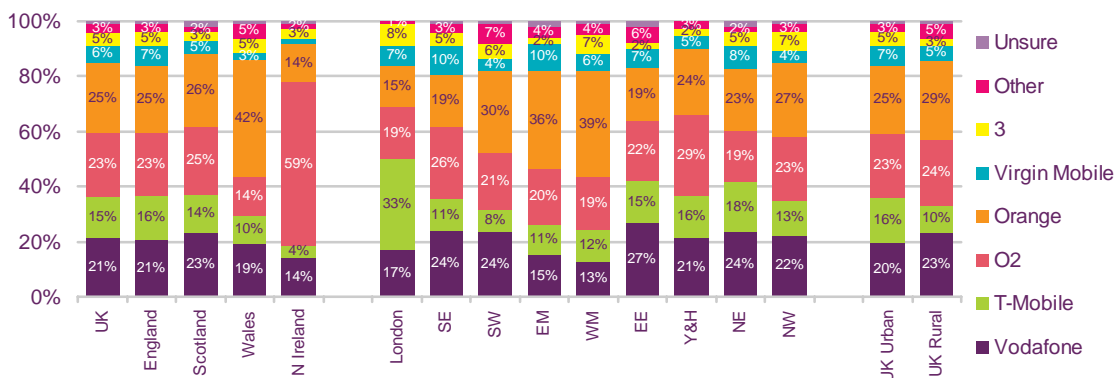
Use of BT as consumers' main landline supplier fell across the UK as a whole from 65% in 2006 to 60% in 2008. This fall was broadly consistent across England, although a few regions reported higher use of BT than previously. Those with a fixed-line at home in the South East, South West, East of England and Yorkshire and the Humber were more likely to use suppliers other than BT than they had been in 2006.

Mobile networks

In England figures for O2 (23%), Orange (25%) and Vodafone (21%) were all broadly similar, with fewer mobile customers saying that T-Mobile was their main retail service provider (16%).

The mobile network which consumers stated was their main network varied across the English regions. T-Mobile was the most popular in London, with a third of mobile customers in the capital saying it was their main provider. A higher than average proportion of mobile customers in Yorkshire and the Humber said O2 was their main supplier, while Orange stood out in the Midlands and parts of the South West. Vodafone was the most commonly stated supplier among mobile customers in the East of England.

Figure 3.87 Mobile network operator used



Source: Ofcom. Base: All with a mobile

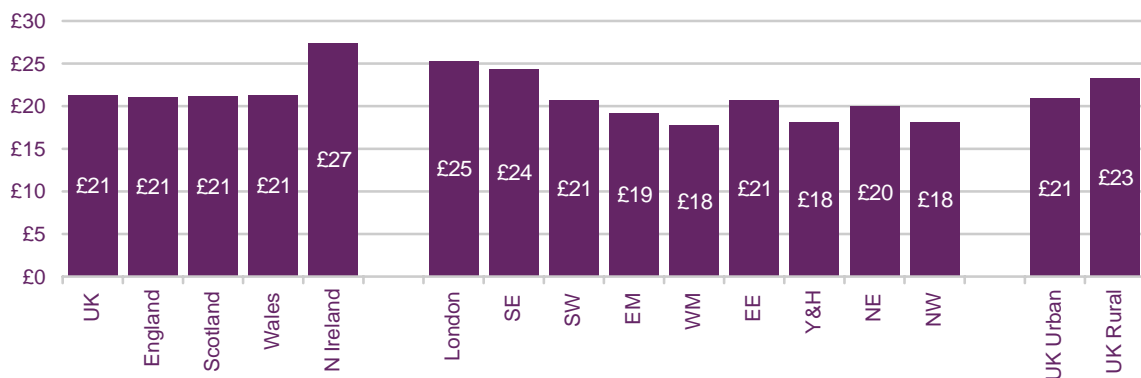
Telecoms spend

Landline spend

Average claimed monthly landline spend in England was broadly similar to that in Scotland and in Wales, at around £21 per household. Customers in Northern Ireland estimated they spent around £6 more per month than the other nations (Figure 3.88).

Average claimed monthly fixed-line spend varied only slightly by region. The largest differences in spending levels were between the West Midlands, where landline customers estimated they spent around £18 per month, and London, where customers estimated they spent around £25 per month.

Figure 3.88 Average monthly household spend on fixed-line telephony



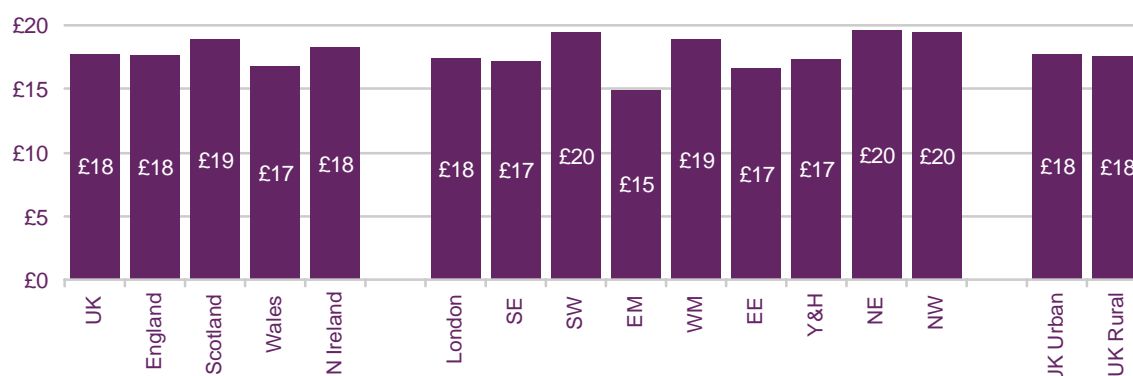
Source: Ofcom. Base: All with a fixed line

Internet spend

Average estimates of monthly internet spend in England were broadly similar to those in each of the other nations, at around £17 to £19 per month (Figure 3.89). There were small variations in internet spend by English region, with consumers estimating that they spent £15 to £20 per month.

While there is little significant difference between the regions, the lower spend reported in the East Midlands is consistent with lower take-up of broadband in the region. Broadband customers spend on average twice as much as narrowband customers (£18 and £9 respectively).

Figure 3.89 Average monthly household spend on internet



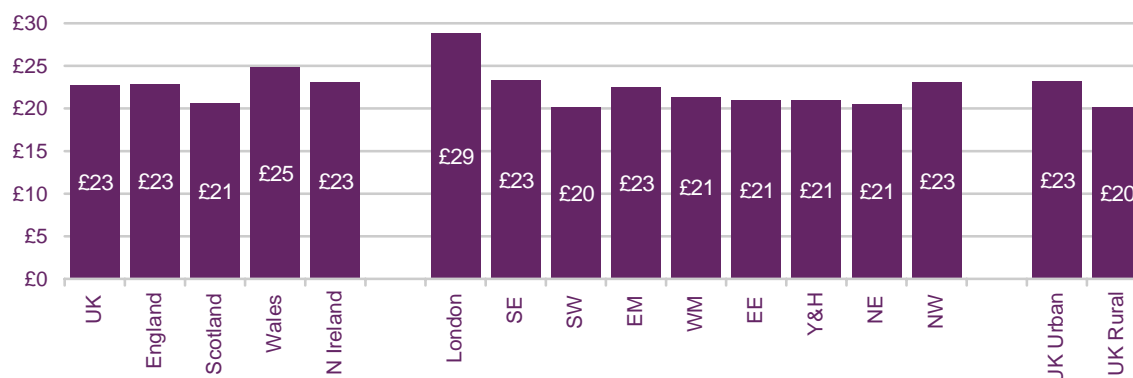
Source: Ofcom Base: All with internet

Mobile spend

Mobile customers in England estimated that they spent around £23 per month on their mobile phone service in 2008; with estimates of monthly spend being broadly similar across each of the nations and ranging from £21 in Scotland to £25 in Wales (Figure 3.90).

The only region with potentially higher than average mobile spend was London, where customers estimated their spend to be closer to £30 a month. This is consistent with a higher than average use of a mobile phone as the main form of telephony in London (41% compared to the UK average of 34%). Mobile customers in London were also more likely to use a contract phone (49%) than other parts of England (40% England average). Contract customers tend to be higher users of mobiles and therefore have a higher average spend.

Figure 3.90 Average monthly individual spend on mobile telephony



Source: Ofcom Base: All with a mobile

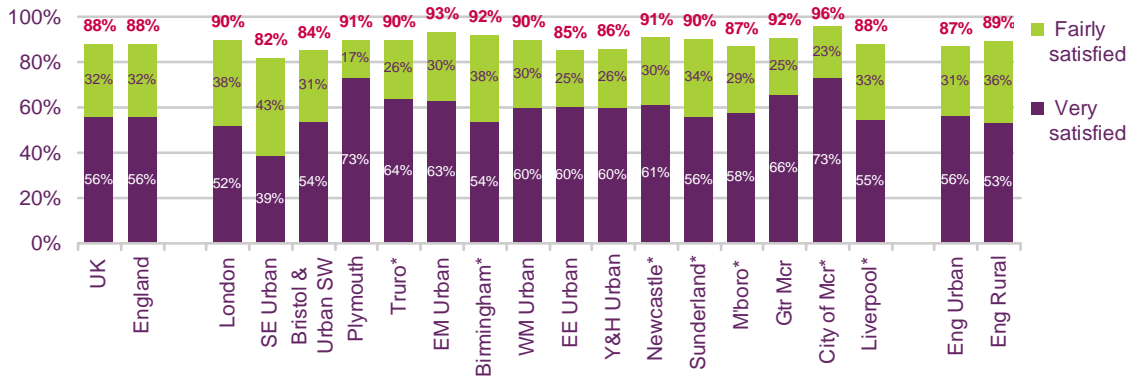
Satisfaction

Fixed-line satisfaction

Overall satisfaction with fixed-line service stood at 88% in England, broadly similar to the other nations and with satisfaction levels in 2006. However, more consumers were 'very satisfied' with their service, with the proportion this year (56%) being significantly higher than the 41% reported in 2006.

There were some regional variations in levels of satisfaction, with landline customers in Devon and Cornwall, urban parts of the South East and rural areas in Yorkshire and Cumbria reporting lower than average levels of satisfaction. Customers in Manchester and rural parts of the East Midlands and were significantly more satisfied than average.

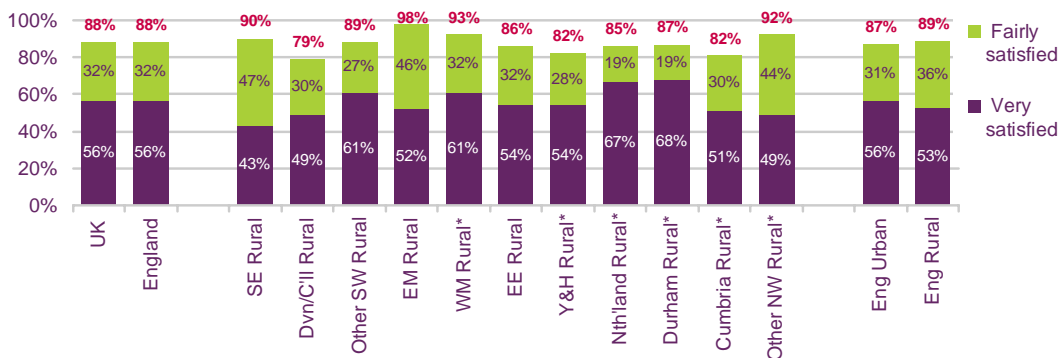
Figure 3.91 Overall satisfaction with fixed-line services – urban England



Source: Ofcom. Base: All with a fixed line

* Sample size less than 100. Apply caution and treat as indicative only.

Figure 3.92 Overall satisfaction with fixed-line services – rural England



Source: Ofcom. Base: All with a fixed line

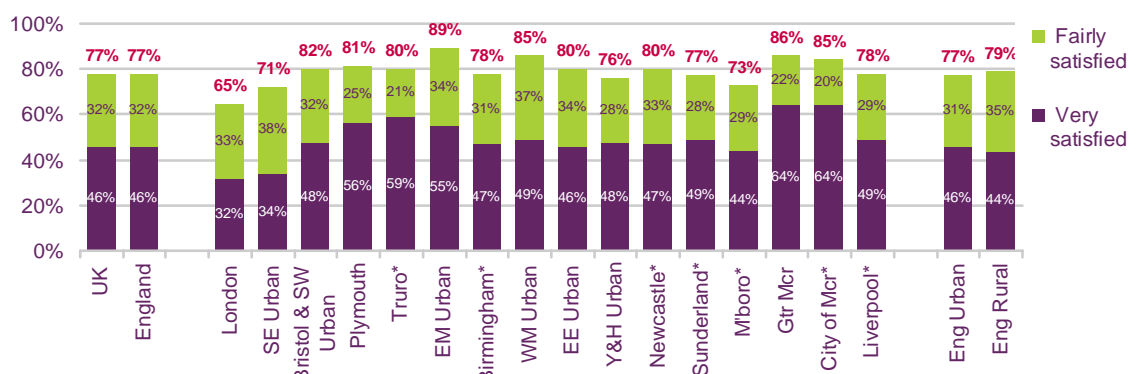
* Sample size less than 100. Apply caution and treat as indicative only.

Three-quarters of fixed-line customers in England were satisfied with the value for money of their service. Satisfaction was broadly similar across the nations except in Northern Ireland, where satisfaction levels were lower.

The proportion of consumers satisfied with the value for money of their fixed-line service varied by English region, and satisfaction levels were generally lower in areas where reported spend was higher. Regions estimating higher spend also tended to be less satisfied with their overall service.

London was the exception, with consumers in the capital reporting one of the higher estimates of spend and, consistent with this, lower satisfaction with value for money (65%). Neither of these aspects appeared to affect Londoners' overall level of satisfaction (90%), perhaps suggesting that consumers in London value other aspects of their service more highly than cost.

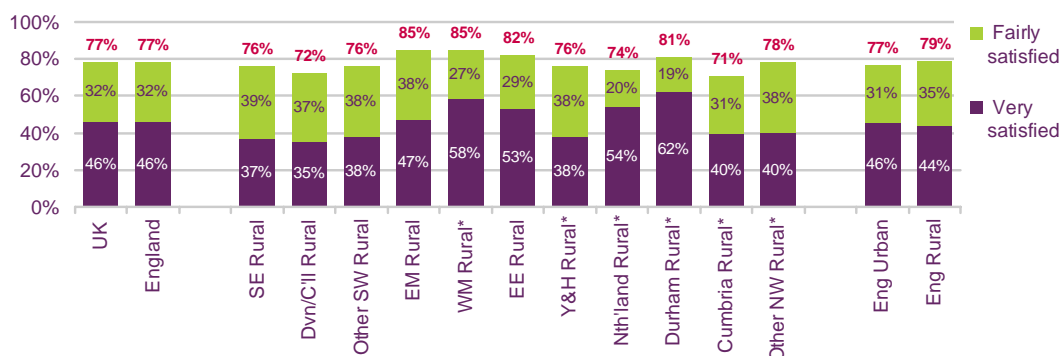
Figure 3.93 Satisfaction with value for money of fixed-line service – urban England



Source: Ofcom. Base: All with a fixed line

* Sample size less than 100. Apply caution and treat as indicative only.

Figure 3.94 Satisfaction with value for money of fixed-line service – rural England



Source: Ofcom. Base: All with a fixed line

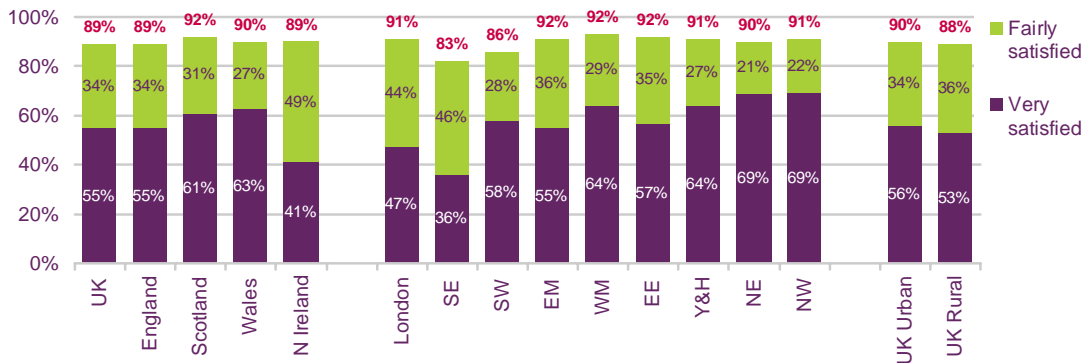
* Sample size less than 100. Apply caution and treat as indicative only.

Broadband satisfaction

Overall satisfaction with broadband services among broadband users in England was comparable with other nations, with relatively small fluctuations by region (Figure 3.95). The lowest satisfaction levels were in the South of England, particularly in urban areas of the South East.

When comparing the proportion who said they were 'very satisfied', notable differences existed between broadband customers in the North of England (where the proportion was higher) and those in London and the South East, where it was lower.

Figure 3.95 Overall satisfaction with broadband



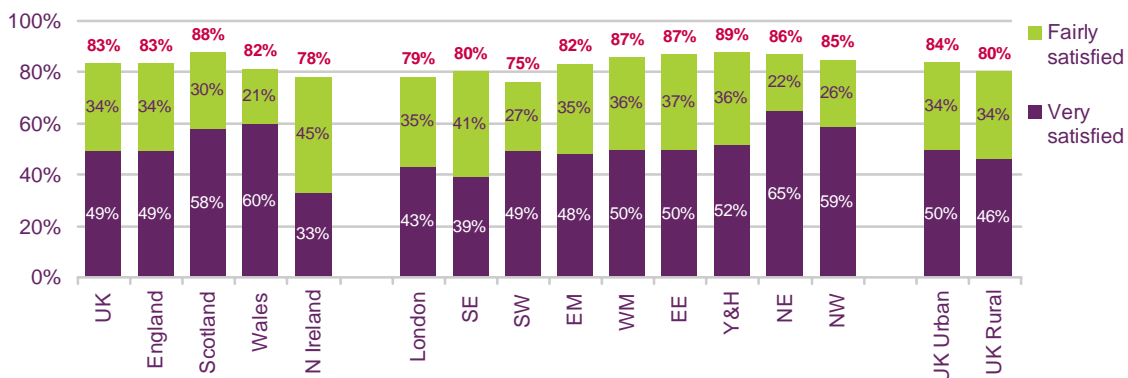
Source: Ofcom. Base: All with broadband

In all regions, the large majority (over 75%) of broadband customers are satisfied with the speed of their connection. Broadband customers in rural areas were less satisfied with their speeds (80%) than those in urban areas (84%), as shown in Figure 3.95. Rural DSL broadband customers may receive lower actual speeds due to living further away from the local exchange.

However, broadband customers in London and the south of England reported the lowest levels of satisfaction with the speed of their broadband service. The reasons for this are unclear, as the average distance from an exchange will be lower in London and the South East than in other, less densely populated, regions. It may be related to higher levels of contention experienced in these regions (when speed is reduced by multiple users sharing the same bandwidth), or could simply reflect dissatisfaction as a result of higher expectations.

The lower than average overall satisfaction in the South of England may be explained by lower satisfaction with speeds in this region. As with Londoners' attitudes to the fixed-line market, their lower than average satisfaction with speeds (79% satisfied) did not appear to affect their overall satisfaction with broadband services (91%).

Figure 3.96 Satisfaction with speed of broadband connection



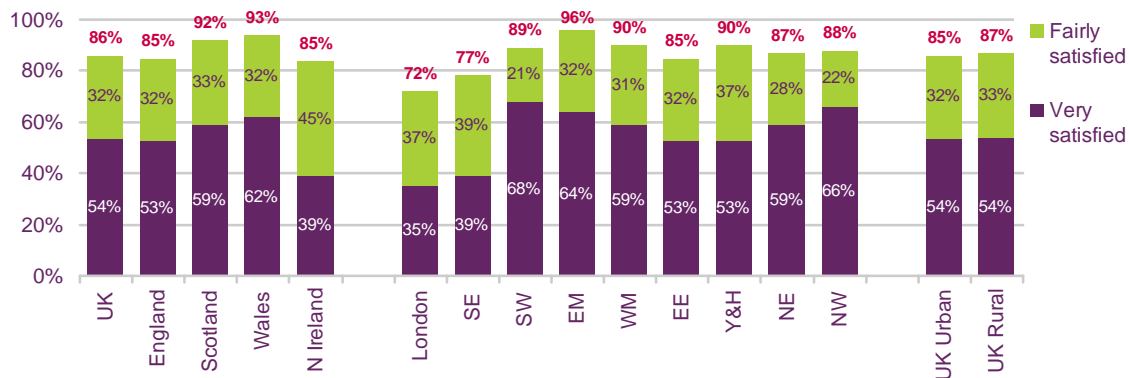
Source: Ofcom. Base: All with broadband

Mobile satisfaction

Overall satisfaction with mobile services was broadly similar across nations and stood at 93% in England. While some rural parts of England reported lower than average satisfaction, general satisfaction levels across England were above 90%.

Satisfaction with value for money with mobile services was lower and showed more variation by nation (Figure 3.97), and mobile users in England and Northern Ireland had the lowest satisfaction levels at 85%. Mobile users in London and urban areas in the South East were least satisfied with the value aspect of their mobile service, and in London lower satisfaction was consistent with higher average claimed spend. As with consumer attitudes in the fixed-line market, neither higher mobile spend, nor lower satisfaction with value for money in London had an impact on overall mobile satisfaction (92%), which remained high.

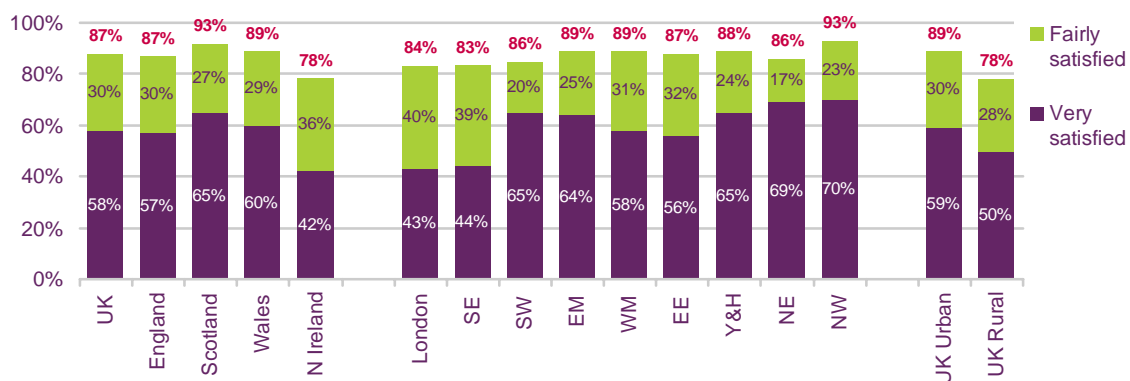
Figure 3.97 Satisfaction with value for money of mobile services



Source: Ofcom. Base: All with a mobile

Satisfaction with mobile reception in England stood at 87%, comparable to the level in Wales, lower than in Scotland (93%) and higher than in Northern Ireland (78%). Unsurprisingly, given less consistent mobile network availability, lower satisfaction was reported in rural parts of the UK, a finding consistent across England (Figure 3.98).

Figure 3.98 Satisfaction with reception of mobile services



Source: Ofcom. Base: All with a mobile

Annex A: Survey Methodology

The research survey referred to in this report is the first in a planned series of annual surveys. Respondents were adults, living in the UK, aged 15 or over. A total of 5,812 interviews were conducted; 3,447 in England, 925 in Scotland, 811 in Wales and 629 in Northern Ireland.

In England, the North West, North East and South West regions were over-sampled. This is to allow more detailed analysis within those areas. In future years, other regions will be picked for detailed analysis.

Research agency Saville Rossiter-Base was commissioned to conduct the survey as part of Ofcom's annual residential consumer tracking survey. A specialist sampling agency (UK Geographics) was used to draw the sampling points, using output areas (OAs) as classified by the 2001 Census. In Scotland, due to the smaller size of OAs, UK Geographic used their own aggregation process to create sample areas of a comparable population to English and Wales OAs.

Interviewers were provided with specific addresses to approach regarding the research. All interviews were conducted in the respondents' homes using paper questionnaires and prompt material. The questionnaire took an average of 30 minutes to complete. Parents of respondents aged 15 were free to stay with their child during the interview. In total, 5,812 interviews were conducted across 490 sampling points; 289 in England, 78 in Scotland, 67 in Wales and 56 in Northern Ireland. Fieldwork was conducted between 12 January and 29 February 2008.

Quotas were set according to regional population profiles, so the findings are representative of the regions surveyed. The quotas were set on age, gender, social-economic group, and whether the area was cabled, rural or urban, and the level of deprivation. The indices of rurality and deprivation are UK Geographics' proprietary datasets, to ensure comparability between nations.

Quotas were set to achieve a minimum of 100 interviews in each of the regions and sub-regions of interest. This required the number of interviews to be boosted in many areas, including specific towns and some rural areas. Data analysed on sample sizes below 100 within nation or region are indicated in the charts and tables with an asterisk (*). These findings should be treated with caution and at an indicative level only.

Data weighting

All data have been weighted to match the profile of each of the four nations as detailed in the 2001 Census and to remove the effect of the over-sampling of specific areas mentioned above. Unweighted bases are shown throughout this report to illustrate the number of respondents interviewed.

	Unweighted	Weighted
UK	5,812	3,000
England	3,447	2,510
Scotland	925	261
Wales	811	146
Northern Ireland	629	82

Margin of error and statistical significance

Because the survey was conducted among a sample of people aged 15 or over rather than the whole UK population, the data may be subject to a small margin of error. The error margin for each of the nations and regions of interest covered by the survey are illustrated in the following tables. Error margin rises among smaller sub-groups. Results referred to as 'significantly' different, have been tested at the 95% level of confidence.

UK nations

	Total sample size	Error margin at 95% confidence interval, for questions asked of the full sample
UK	5,812	1-2%
England	3,447	1-2%
Scotland	925	3-4%
Wales	811	3-4%
Northern Ireland	629	3-5%

UK regions - England

	Total sample size	Error margin at 95% confidence interval, for questions asked of the full sample
Total urban	2,224	1-2%
Total rural	1,203	2-3%
London	192	4-7%
South East urban	184	4-7%
Bristol & SW urban	106	6-10%
Plymouth	115	6-9%
Truro	108	6-10%
East Midlands urban	131	5-9%
Birmingham	108	6-10%
West Midlands urban	227	5-8%
East of England urban	142	5-8%
Yorkshire & Humber urban	143	5-9%
Newcastle	108	6-10%
Sunderland	107	6-10%
Middlesbrough	97	6-10%
Greater Manchester	193	6-9%
City of Manchester	108	6-10%
Liverpool	109	6-10%
South East rural	106	6-10%
Devon & Cornwall	108	6-10%
Other South West rural	108	6-10%
East Midlands rural	108	6-10%
West Midlands rural	103	6-10%
East of England rural	107	6-10%
Yorkshire & Humber rural	109	6-10%
Northumberland rural	108	6-10%
Durham rural	108	6-9%
Cumbria rural	109	6-10%
Other North West rural	105	6-10%

UK regions – Scotland

	Total sample size	Error margin at 95% confidence interval, for questions asked of the full sample
Total urban	689	3-5%
Total rural	236	4-7%
Aberdeen	107	6-10%
Dundee	107	6-10%
Glasgow	104	6-11%
Edinburgh	108	6-10%
Border	108	6-10%
Highlands & Islands	116	9-14%
Other urban	191	4-7%
Other rural	84	6-11%

UK regions – Wales

	Total sample size	Error margin at 95% confidence interval, for questions asked of the full sample
Total urban	566	3-5%
Total rural	245	4-7%
Cardiff	108	6-10%
Newport	111	6-10%
Swansea	108	6-10%
Wrexham & urban north	121	6-9%
Other urban south	118	6-9%
Mid Wales	68	8-13%
North Coastal	56	8-14%
Rural North	136	5-9%
Rural South	109	6-10%

UK regions – Northern Ireland

	Total sample size	Error margin at 95% confidence interval, for questions asked of the full sample
Total urban	487	3-5%
Total rural	142	5-8%
West	227	5-8%
East	402	3-5%
West urban	166	6-10%
East urban	321	4-6%
West rural	61	8-13%
East rural	81	7-11%
Belfast	176	4-7%
Londonderry/ Derry	118	5-9%
Small towns	109	6-10%
Border	183	5-9%

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.

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.

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.

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.

International roaming A service offered by mobile operators that allows customers to use their phone abroad. The home operator has agreements with foreign operators that allows customers to make and receive calls, send and pick up text messages, and use some of the other mobile services (such as access to voicemail or topping-up credit on pre-pay phones). The exact services available and the charges for their use vary between operators.

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.

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.

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 Simply 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.

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.

WiMAX A wireless MAN (metropolitan area network) technology, based on the 802.16 standard. Available for both fixed and mobile data applications.

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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Additional charts and tables are available online at
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