

UK 'high end' TV 2014-2019

Trends in spending and third party funding for shows using high-end TV tax relief

Ben Keen for COBA, based on BFI & Ofcom data (adjusted)

Summary

- **Production is booming:** Investment in UK shows using the high-end TV tax credit increased by 19% in 2019.
- **Co-commissions are becoming increasingly important:** Number of shows with third party involvement (including from global streamers) jumped 17% in 2019. Third parties now contribute more to the funding of Public Service Broadcaster (PSB) drama than PSBs themselves.
- **Spend per hour is up:** Average spend/hour increased by 60% in 2019.
- **Streamers are investing more:** 2019 saw a 56% rise in HETV productions commissioned solely by streamers.

Definitions

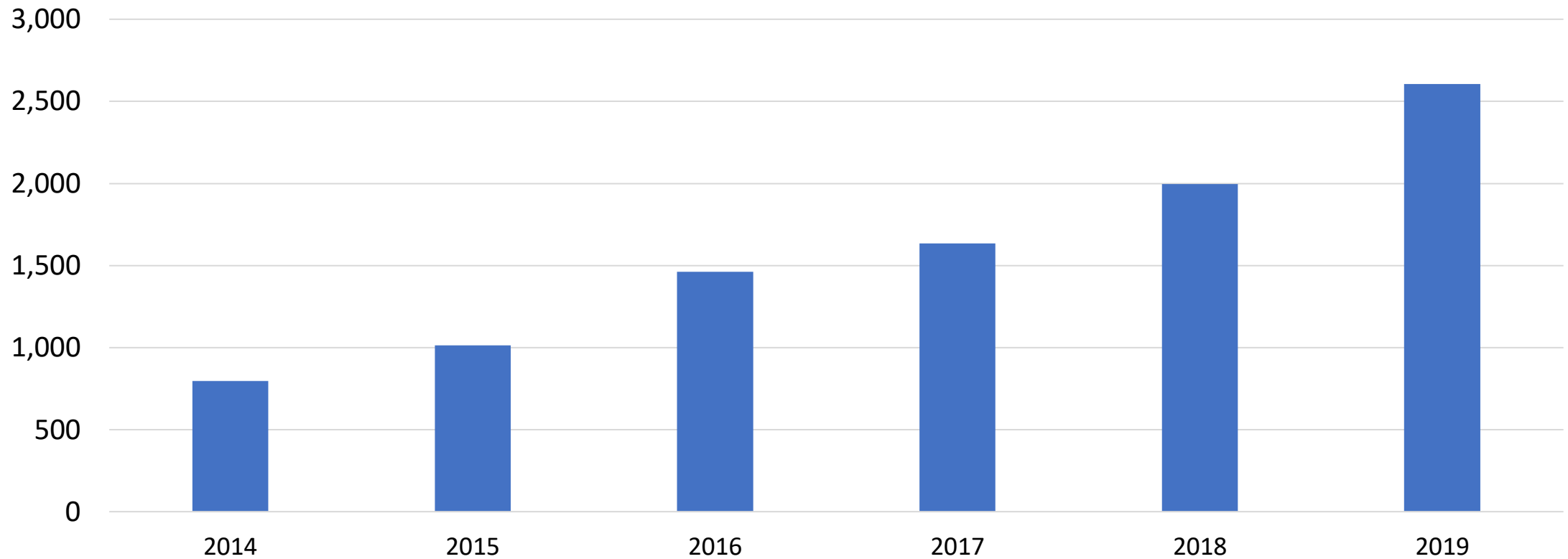
- BFI data refers to television programmes using the tax relief for high end TV (HETV). In practice, the vast majority will be dramas.
- Ofcom data on PSB output and spending is collected directly from the broadcasters.
- ‘Co-commission’ – production with early stage financing/editorial collaboration between a UK broadcaster or streamer and a third party TV/streaming group (mostly not a statutory co-production).
- ‘1st window’ – first UK transmission.

Section 1

Growth in production

Investment hit a record £2.6bn in 2019, up 31% from 2018 and over 3x the 2014 total

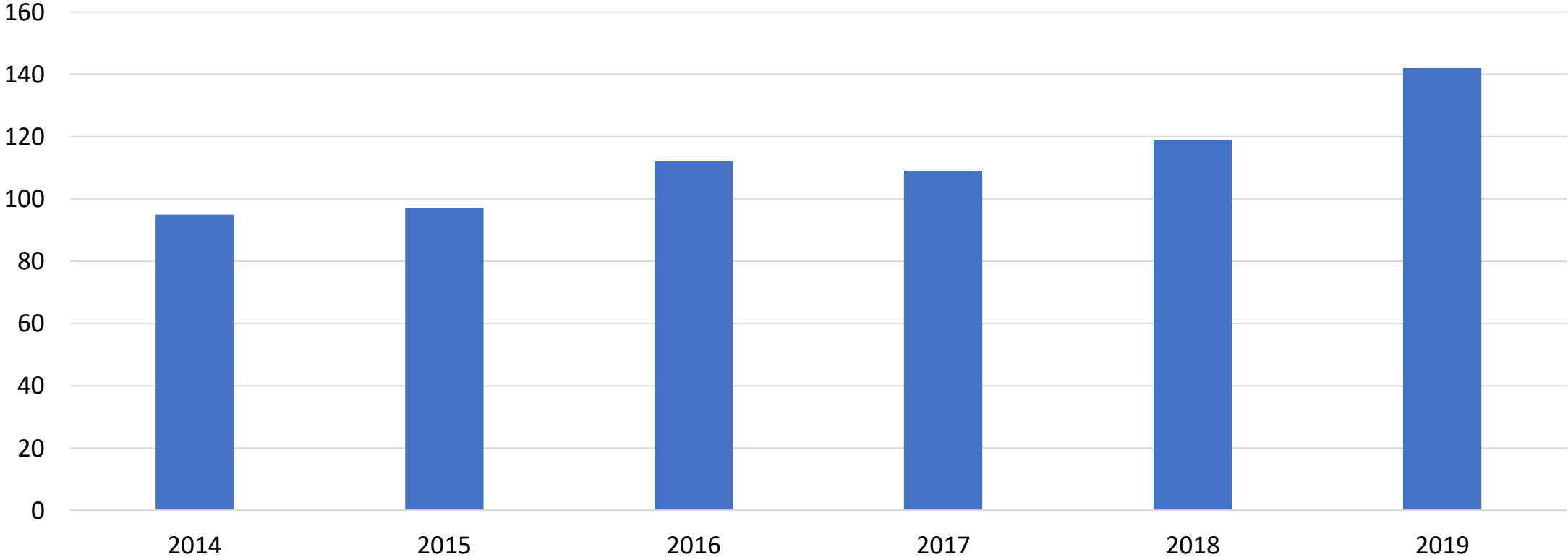
Total investment in HETV productions per year (£m)



Source: Ben Keen analysis of BFI data

Total number of HETV productions up 19% last year to 142

Number of productions certified for HETV tax relief



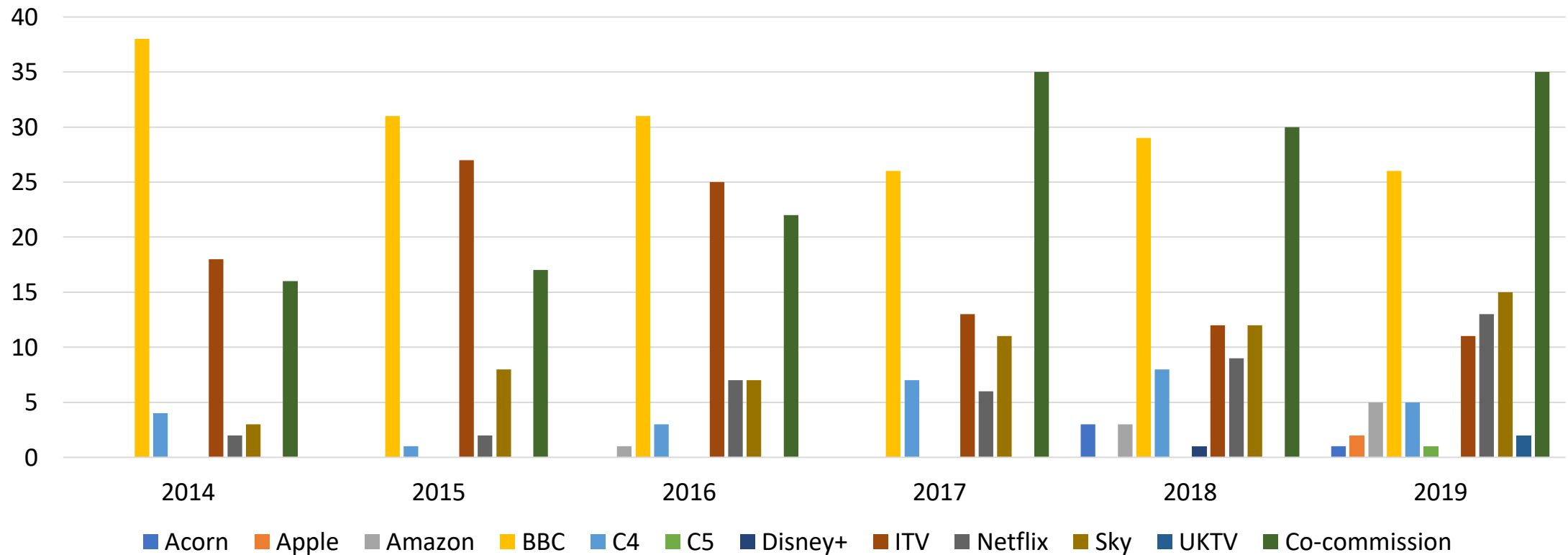
Source: Ben Keen analysis of BFI data

Section 2

The role of co-commissioning

Co-commissioning is more important for drama HETV productions than any single broadcaster or streaming platform

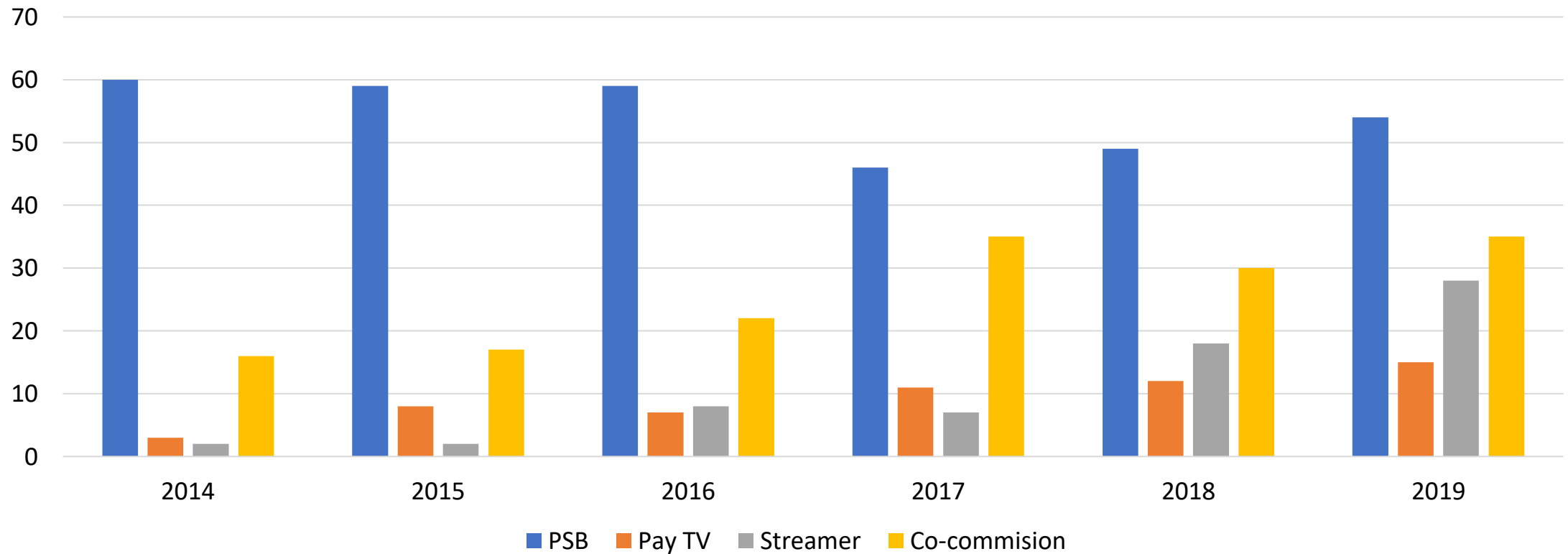
HETV single v Co-Commissions by broadcaster/platform



Source: Ben Keen analysis of BFI data

35 productions were co-commissioned last year

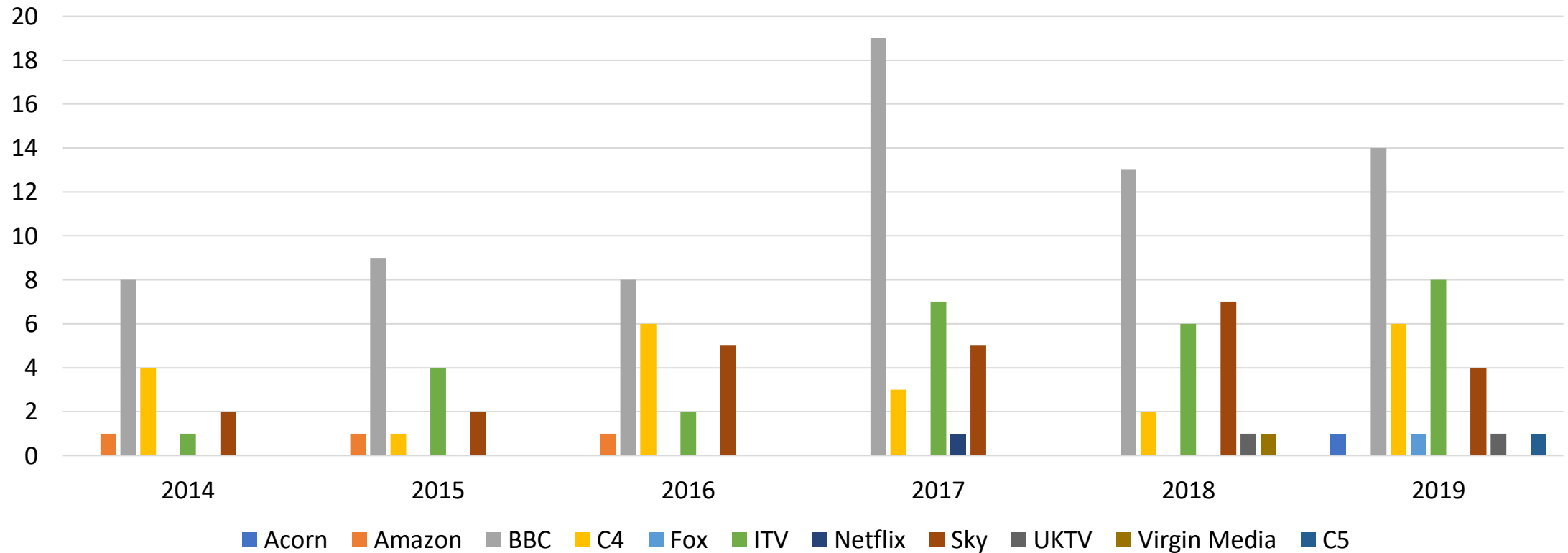
HETV single v co-commissions per year of production



Source: Ben Keen analysis of BFI data

BBC is still the most active co-commissioner of high-end dramas, but ITV & C4 have both been increasing their co-commissioning efforts

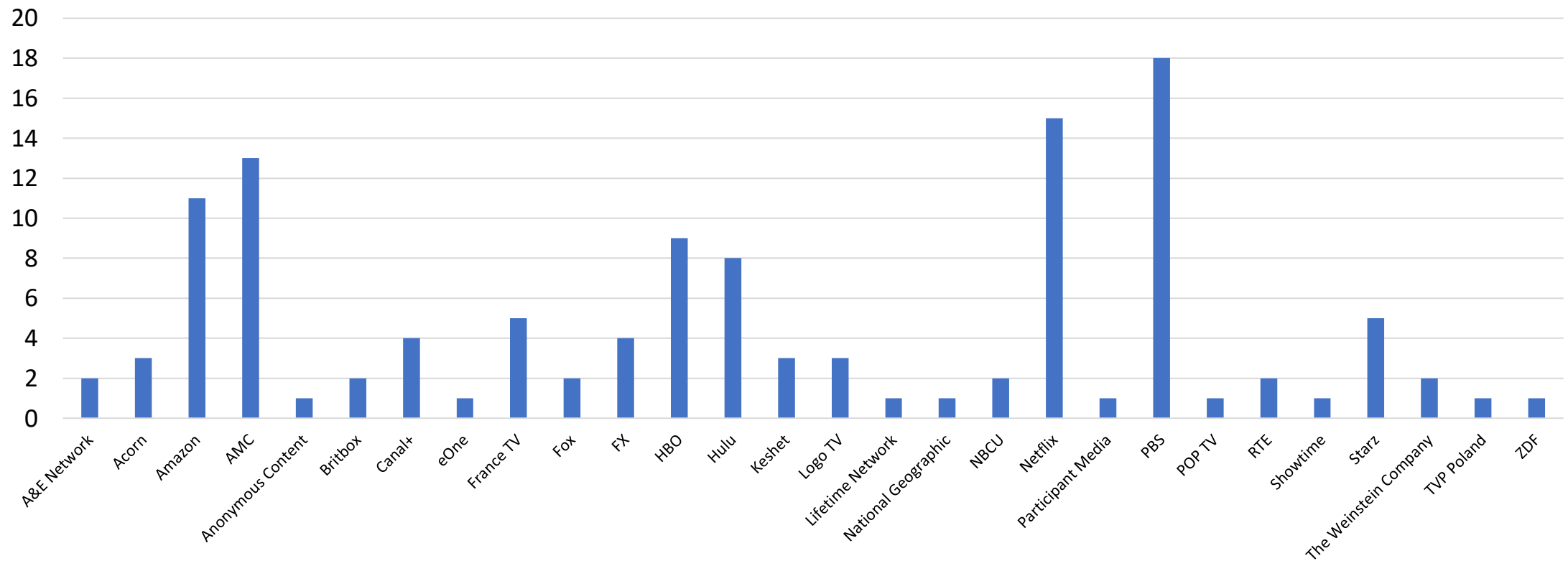
Most active HETV co-commissioners by 1st window



Source: Ben Keen analysis of BFI data

Amazon, AMC, Netflix, PBS, HBO & Hulu have been the most important partners for PSB productions; 28 different partners since 2014

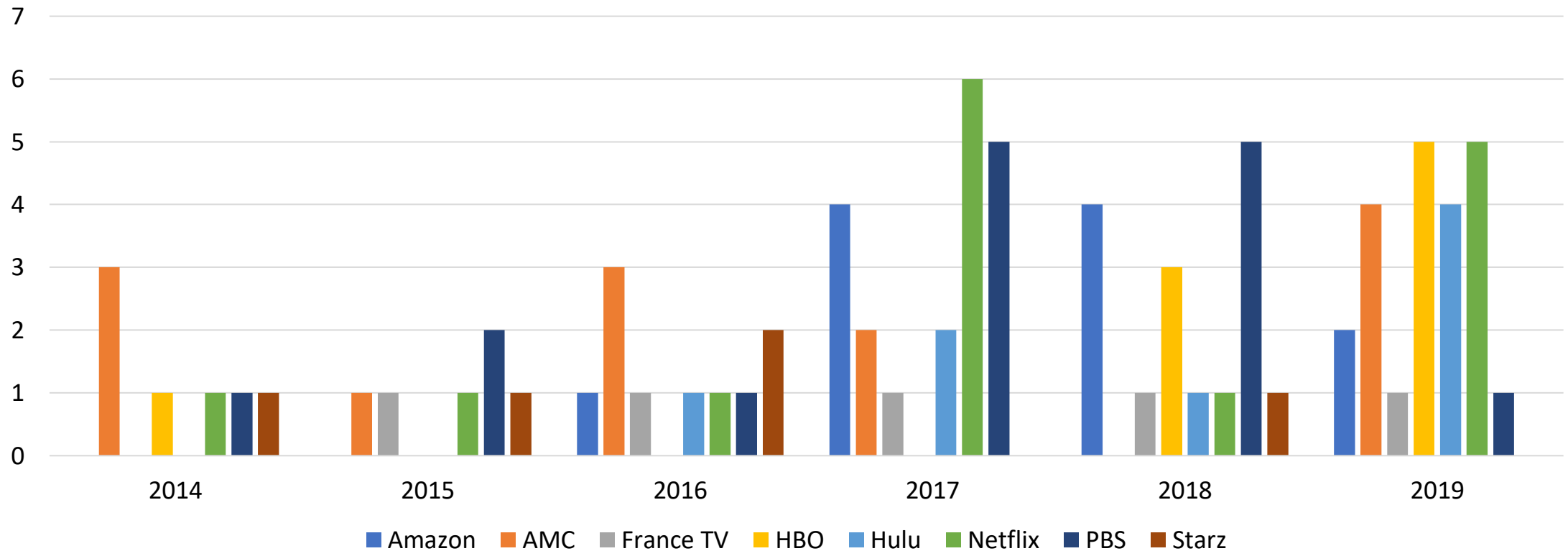
Co-commissioning partners for PSB HETV drama productions 2014-19



Source: Ben Keen analysis of BFI data

Streamers like Amazon, Netflix & Hulu have become increasingly important partners for PSB drama productions

Main co-commissioning partners for PSB HETV dramas per year



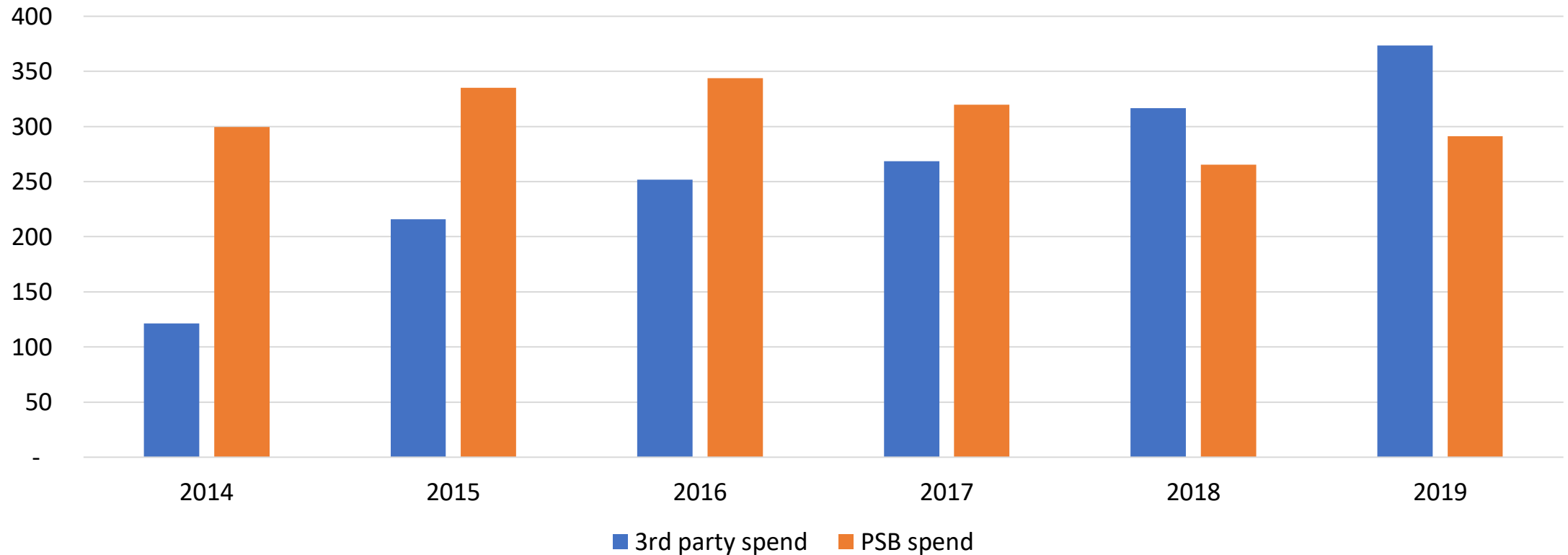
Source: Ben Keen analysis of BFI data

Section 3

Funding

Third parties – like global streamers – have become increasingly important to funding of PSB dramas via co-commissioning

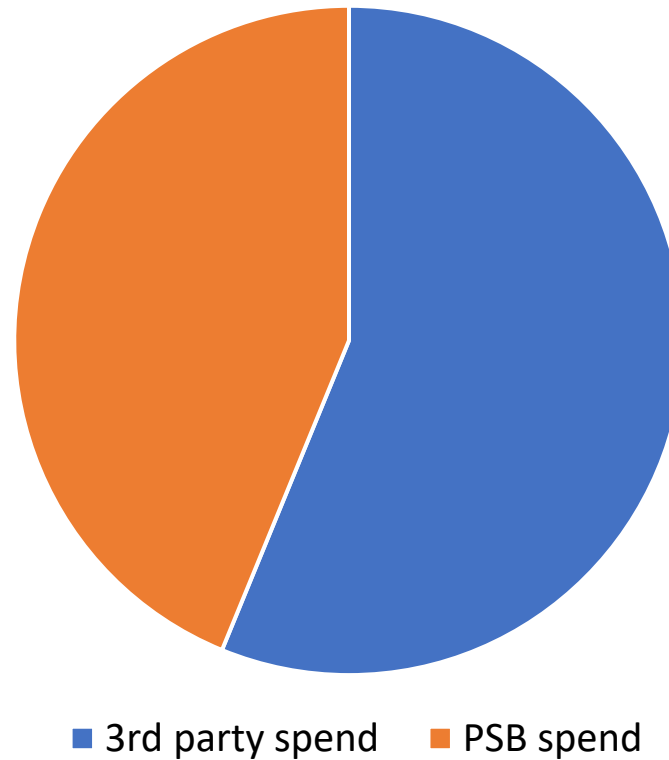
PSB spend v 3rd party spend on original PSB drama



Source: Ben Keen analysis of Ofcom data

A record £664m was invested in making original PSB drama last year, but 56% was contributed by third parties – like global streamers

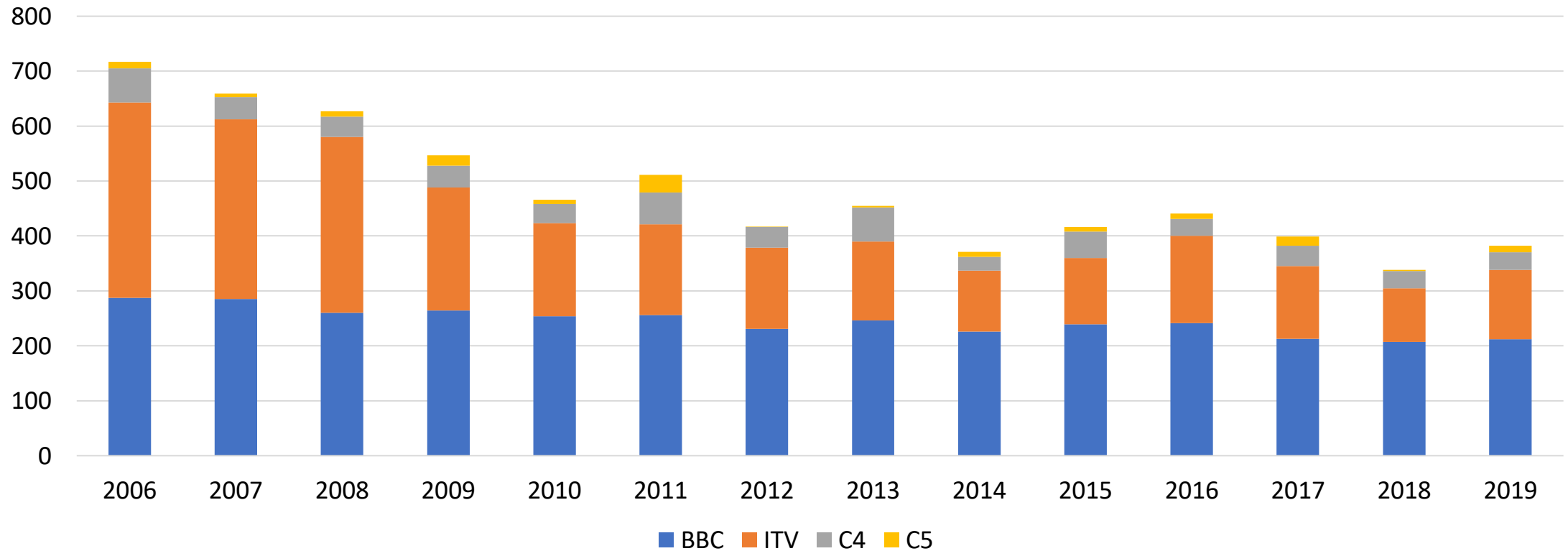
% of 3rd party spending on PSB original drama in 2019



Source: Ben Keen analysis of Ofcom data

As a result, original drama hours on PSB channels have stabilised since HETV tax break was introduced in 2014...

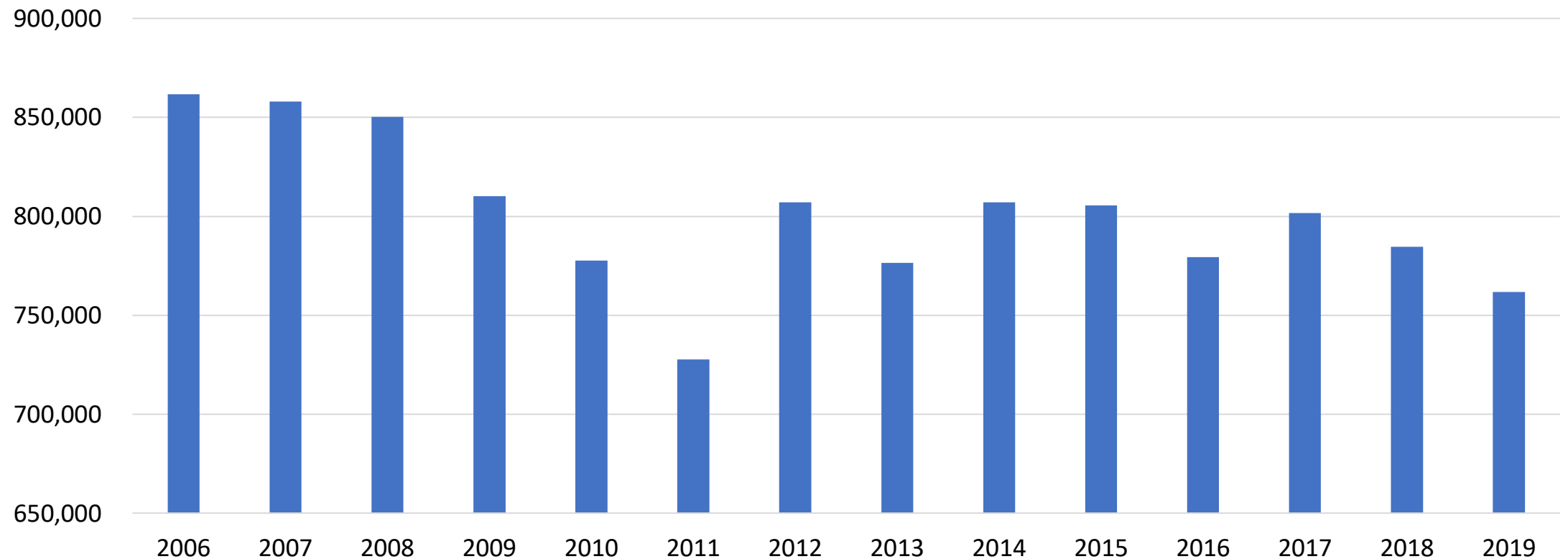
Original drama output hours per year by PSB broadcaster



Source: Ben Keen analysis of Ofcom data

...Despite PSB broadcasters themselves spending £45k less per hour on original dramas than in 2014

Average PSB spend per hour on original dramas (£)



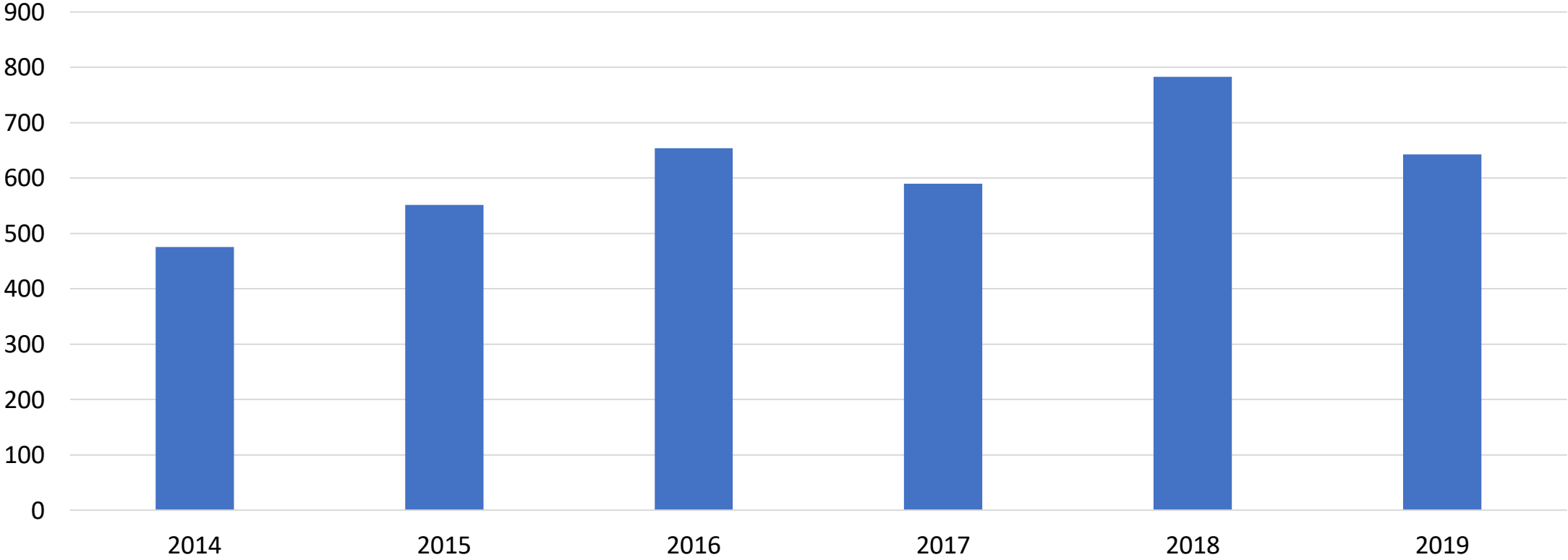
Source: Ben Keen analysis of Ofcom data

Section 4

Spend per hour

Total number of screen hours of HETV productions fell last year to 643 – fewer than in 2016

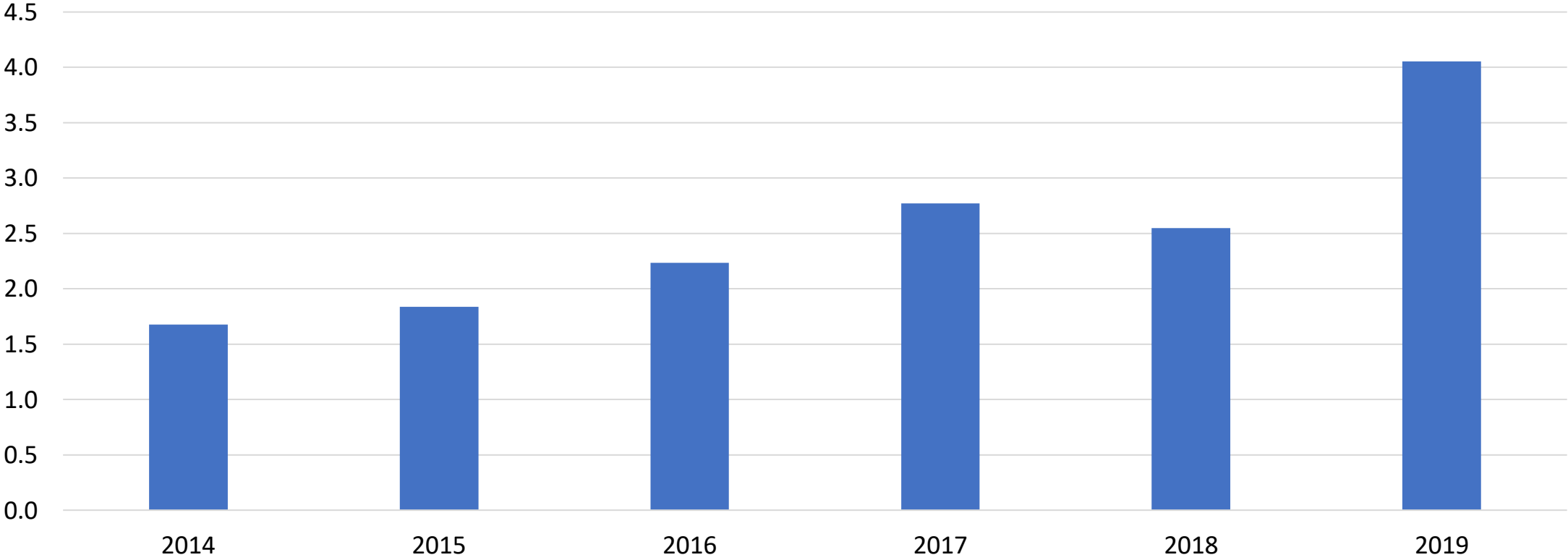
Total hours of HETV production per year



Source: Ben Keen analysis of BFI data

Average spend per hour for all HETV productions jumped almost 60% to £4.1m last year

Average HETV budget per hour (£m)



Source: Ben Keen analysis of BFI data