



Review 2010

Overall Strategy and Themes for the Year

The past 12 months have been pivotal for STV with a strong, ongoing commitment to providing and creating quality and relevant content for our audience across all platforms. We continue to be Scotland's most popular peak time TV station, reaching over 4 million viewers every month and our website attracts over 2 million unique users every month.

Throughout this year we have continued to deepen and strengthen relationships with our two key stakeholder groups – our audiences and our advertisers.

Audience

STV is wholly committed to serving Scotland and providing PSB on our channel. We remain committed to being part of the Channel 3 Network and over 95% of our peak time schedule is comprised of network material. However, a key theme of 2010 has been to increase our home-grown output with successful programmes such as *Taggart*, *Vet School* and *Football Years* and to acquire quality content, like *Underbelly*, for our viewers.

2010 marks the first full year of the implementation of our programming strategy, which is designed to engage our viewers through a rich, varied and, above all, relevant schedule for Scotland as a devolved nation. This strategy has proved to be a huge success with our peak time audience share now on a par with the ITV network.

We continue to place a number of our well funded and high quality new productions in peak time slots to ensure they are easily accessible to a large audience.

STV Productions has also enjoyed a successful year with a variety of commissions for a range of broadcasters including Living, Sky Real Lives, BBC and ITV.

STV remains committed to increasing digital momentum and is now firmly established as Scotland's digital media company. As part of our ongoing digital initiative, we have created STV Anywhere, our commitment to making our rich, quality content available to viewers wherever, whenever and however they want it. STV Anywhere and the delivery of content to multiple platforms has been an overriding theme for 2010.

A key project for STV in 2010, set to continue in 2011, is the development and roll-out of STV Local. STV Local is a network of 'must visit' hyper-local websites for local communities across Scotland, which has now launched in four local authority areas following a successful pilot in North Lanarkshire in September. STV Local will be rolled out across the whole of Scotland in 2011.

Covering every aspect of life and community, the STV Local sites offer a range of information relevant to local communities across the country, including up-to-the-minute news, events listings, ratings and reviews, hyper-local weather updates, traffic information and a business directory.

Advertisers

2010 has been a highly successful year for STV's advertising and sales business with revenue figures enjoying a healthy increase. The success of the innovative new programming strategy is helping to expand our viewer profile with a positive shift to ABC1, men and, most significantly, lowering our average viewer age. In 2009 47% of our viewers were under 55 years old and this has increased to 52% in 2010.

STV continue to offer a wide variety of high profile broadcast sponsorship campaigns across all daytime, peak and late night schedule allowing brands to feature their brand logo and commercial message in an around key programming guaranteeing sponsors a prime position and maximum visibility across a mass viewing audience.

STV Creative has continued to grow in 2010 producing great work for Scottish and network clients ranging from Lucozade, Boots and Famous Grouse to Arnold Clark, People's Postcode Lottery and Tunnock's. This year we have completed over 700 commercials, expanding into regional and network sponsorship as well as short form editorial content and have just finished completed two short films from first time directors.

stv.tv is now firmly placed as one of the most popular online destinations in Scotland and we have a variety of online packages available where advertisers are able to run pre-roll sponsorship before and after each and every shows on the massively popular STV Player.

We also offer targeted pre-roll advertising, display advertising and a variety of sponsorship products available. We also offer detailed reporting and post campaign analysis.

We are investing to create Scotland's leading online research panel, ScotPulse, with the main aim to develop stronger relationships with our viewers, agencies and advertisers and enhance and complement STV's hyper-local online strategy. The panel is being launched in February 2011 and will be used to better understand and engage with the Scottish customer and ensure that STV are at the forefront of understanding how to serve all our customers in the best possible way.

The media arena as a whole continues to feel the effects of the economic downturn in recent years. However, through being flexible and adapting to the conditions, creating a new programming schedule and investing in our digital business, STV remains strong and in 2010 we have further bolstered our position as Scotland's number one broadcaster and digital media company.

Significant Changes

There have been no significant changes in 2010.

Innovation, experiment and creativity

Throughout 2010 STV has been driving forward its digital offering on multiple platforms and developing the concept of STV Anywhere. Audiences consume the news in many different ways and STV has embraced this by offering a new range of mediums.

In June 2010, STV launched its first High Definition (HD) service to coincide with the World Cup. STV HD brings viewers Scotland's most popular peak time TV schedule in crystal clear clarity, making programmes brighter and sharper than ever before. This service is now fully accessible to STV North viewers following completion of digital switchover and is available to viewers of the Blackhill transmitter via the advance network

The STV Player, an online TV on Demand service, where viewers can catch up with their favourite STV programmes and watch highlights from the vast STV archives, continues to be a success attracting over one million video plays per month.

To complement the STV Player, in June of this year STV announced a major content deal with Google making 2,500 hours of content, both new and from the extensive STV archive, available for viewing via the YouTube video sharing website across the UK and internationally. Advertiser supported content is delivered free of charge and on demand.

We have also developed a split screen application that enables viewers to chat and comment on major programming events such as the World Cup and X Factor on their PC screens alongside the live video feed of STV output.

In May of 2010 STV launched its first iPhone app, providing users with instant access to the latest news, sport and high quality video reports on their mobile phones. The free STV News app for Apple's smartphone allows users in Scotland and across the globe to read the headlines at a glance or browse separate categories for the latest in news, sport, entertainment, as well as lifestyle features and Scottish heritage. It also features constantly updated weather forecasts for the next 24 hours and five days ahead, for more than 75 towns across Scotland. To date there have been over 70,000 downloads of the STV News iPhone app.

The most ambitious project within the STV Anywhere strategy is STV Local.

Strengthening our commitment to local news and content that is relevant to everyone in Scotland, STV Local features a series of hyper-local websites for individual towns across Scotland. The concept was successfully trialled in North Lanarkshire with six community websites and STV Local has now been launched in Aberdeen City, Aberdeenshire, Moray and South Lanarkshire, covering almost a quarter of Scotland's population.

Working closely with content partners out in the communities, the sites will feature information from local authorities, sports organisations, theatre groups, schools, bloggers, church groups and other community members, making STV Local a truly interactive experience and offering a platform for users to inform, discover and share everything that's going on in their community.

In order to execute this initiative, we have recruited a network of professional journalists and editors. As roll out continues, community editors will be recruited for each area, providing media employment opportunities across Scotland in 2011.

We are working in partnership with journalism and media courses, offering opportunities for students to engage with a very experienced and talented team, providing experience with one of Scotland's biggest media brands, guidance from our editorial team, access to local communities and a chance to collate a portfolio of work. We also provide training in web publishing and writing for the web for contributors across Scotland, offering an opportunity to develop and acquire new digital media skills.

STV is putting significant investment behind this initiative, including an ongoing recruitment drive, user training for community contributors, and marketing support.

As well as embracing technological change, we continue to innovate on-air. *The Nightshift*, airing every night between 2am and 5.30am, brings late night viewers an entertaining mix of interactive chat, celebrity interviews, all the latest news updates, video clips from the STV archive and highlights from *The Hour*. This is an innovative programme that has truly captured the viewers' imaginations with lots of opportunities to interact with the presenters of the show and each other via text, email and the show's hugely popular Facebook page.

Tier 2 Arrangements

For 2010, STV Central and STV North broadcast a joint total of over 1400 hours of regional programming including news and non-news against a license minimum of 494¹ hours (including original news in each region, plus a uniform schedule for non-news), therefore significantly outperforming our obligations. This incorporated a range of original production both in and out of peak time.

[STV has met the independent quota requirements for 2010.]

[In 2010 we exceeded our quota for 90% of subtitled programming.]

Programme offer

a) News

2010 was a year of strong audience performance, driven by a series of major news stories. News content is at the heart of STV provision, both on air and online. Audience share on STV has been robust and audience numbers have continued to rise online on our news site stv.tv.

STV delivers two regional news services, one for the North of Scotland and one for the Central belt, alongside a total of four regional news opts. We continue to invest heavily in our news service and it is the most valued of our local programme genres.

Audience share remains one of the highest in the ITV network, with more than a million people watching the *STV News at Six* each week. We continue to build on our audience share across our news website and our new hyper-local network STV Local, which launched in Lanarkshire in Q4 and expanded to the North East of Scotland by year-end.

STV News continues to invest in its news service. The highlight of coverage in 2010 was the General Election campaign in Scotland, which delivered comprehensive coverage in our news programmes alongside special programming and a live overnight results programme, one of the most ambitious outside broadcasts in STV's history. It is this commitment to news that has driven a year-on-year increase in traffic (average visits per month) to our news pages in the final quarter of the year.

Our operation has newsgathering resources in Glasgow, Edinburgh, Dundee, Aberdeen, Inverness and London. We continue to cover all the important local stories from the Western Isles, Orkney, Shetland, Wick and Fort William, providing a level of local television news provision unmatched by the BBC.

Digital technology continues to deliver innovation in TV newsgathering. Mobile broadband, supported by our three satellite vehicles, enables our reporters and crews to deliver high-quality video from remote locations at the speed required for daily news.

Our local regional bulletins within the *STV News at Six* remain popular and highly-valued by our viewers in West Central Scotland, East Central Scotland, Tayside Angus and Fife, and Northern Scotland. The success of these bulletins point the way to a more local model of news delivery on TV, supported by our STV Local platform.

Our main news programmes are at 1350, 1800 and 2230, as well as regular weekend bulletins on Saturday and Sunday. Through integrated planning and deployment, we can react effectively to news wherever and whenever it happens.

¹ STV Channel 3 Licence obligations: News: 208 hours per licence = 416 hours in total. Plus 78 hours of non news = a total of 494 hours.

STV continues to provide a dedicated network correspondent for ITV News, reporting on the big stories in Scotland of national significance to a wider UK audience.

Through our memorandum of understanding with BBC Scotland, we shared some news resources for scheduled news events, leading to efficiencies for both organisations whilst preserving editorial independence.

In October a special team was deployed to Delhi to cover the Scottish involvement in the Commonwealth Games and the passing of the baton to Glasgow for 2014 for our broadcast and online news operations. Using video file transfer techniques via broadband, we were able to shoot, edit and transmit daily packages using a team of three staff, a highly-efficient and cost-effective model.

On December 23, in a television first, *STV News* broadcast its entire evening programme live from the very courtroom in which Tommy Sheridan was found guilty of perjury. News anchor John MacKay presented live and provided comprehensive coverage of the case, unrivalled by any other news station.

Once again *STV News* participated in Peoples Millions, a competition offering community groups across the UK a chance to win a £50,000 Big Lottery Award and offering these worthwhile groups on-air exposure.

STV news content recognises that Scotland, as a devolved nation, is unique and the broad mix of news delivered across a challenging geographical terrain seeks to play the country back to itself.

b) Current Affairs

In 2010 we delivered over 32 hours of current affairs programming, exceeding our licence minimum of 29 hours, from political stories to more populist topical events.

There were a number of high profile stories that offered the opportunity for the news team to collaborate with the core production business on some special one-off documentaries. The major event was the General Election campaign, which saw an extensive programme of news coverage, reflecting the campaign in all parts of Scotland. A dedicated unit was established to cover the story, with reporters assigned to the major parties throughout the campaign. For the first time in ten years, STV produced a seven-hour overnight results programme. Using thirteen live links across Scotland, we produced comprehensive coverage on both TV and online. Presented by political editor Bernard Ponsonby, the programme consisted of a panel of politicians and commentators, supported by virtual set technology in our election studio and bespoke computer graphics.

Following the vote, a special Scotland-wide edition of the *STV News at Six* was presented live from Westminster as we reported the twists and turns surrounding the formation of the new coalition government.

The Papal Visit was another highlight, with *STV News* providing comprehensive coverage of the Pope's itinerary in both Edinburgh and Glasgow. As well as providing the whole event streamed live worldwide on the news website across a seven-hour period, a special edition of the programme was presented from Bellahouston Park in Glasgow as the papal mass got underway. A news special programme with the day's highlights was broadcast at 2230 that night.

In politics, the challenges of public sector budget cuts dominated the news agenda, with our political unit providing insight and analysis of this crucial issue. With Holyrood elections scheduled for May 2011, this will remain a major story for STV.

On St Andrew's Day, STV broadcast an inspiring and poignant new documentary, *Malawi: Hope Delivered*. This moving one-off programme followed award-winning presenter Stephen

Jardine as he travelled back to Malawi to visit the newly opened Ethel Mutharika Maternity Hospital, which was built with money raised by STV's Malawi Christmas Appeal in 2005.

One of the main programme highlights was the launch of the *STV Sports Centre*, a themed series of programmes covering daily sports news, Magners League Rugby and a Friday night SPL football preview programme. Audience reaction has been positive and the series strengthens STV's commitment to coverage of sport across Scotland.

Throughout 2010, our weekly programme *Politics Now* provided high quality coverage of a wide range of issues on Thursday evenings. Hosted by Bernard Ponsonby, the show's rigorous questioning of senior politicians was complemented by insightful and engaging studio discussions.

A year on from the release from prison of Lockerbie bomber Abdelbaset Al-Megrahi, STV produced an hour-long documentary examining the controversy surrounding the case. Combining compelling STV archive with new interviews with relatives of the victims, police and politicians, the programme provoked further debate and was accompanied by a specially commissioned opinion poll which established public attitudes towards Megrahi's release had hardened.

In December 2010, in response to the harsh winter weather conditions experienced across Scotland, our news teams provided an invaluable public service providing news and information across all channels and platforms. During this month, we broadcast a special feature programme - *Big Freeze Special* – which achieved a 26% audience share, three times the typical audience for this slot.

c) Other programmes

STV takes great pride in its original programming and the output for 2010 has been exemplary. Non-news programming in peak time slots has regularly outperformed the network, which compounds Scotland's appetite for home grown productions.

2010 saw the return of flagship STV drama *Taggart* for a six episode run, the first time the programme has been broadcast as a concurrent series. This was also the first time that the drama was co-commissioned by STV and ITV Network, with STV having exclusive first broadcast rights for September 2010. The UK network premier will be on ITV in 2011.

Filmed for the first time in HD, *Taggart* was a massive success, achieving an average 33% audience share.

The hard-hitting *Underbelly*, which had never before aired on UK terrestrial television, was a compelling dramatisation of Melbourne's infamous gangland killings, one of the bloodiest crime wars of the western world. *Underbelly* is STV's most popular acquired series and enjoyed two series in 2010. The top performing episode attracted over half a million viewers. The first series also attracted over a quarter of a million video plays on the STV Player. It has just been announced that a third series is due in 2011 and we anticipate this will prove to be just as popular.

Football Years proved to be a massive hit with Scottish viewers. The series, which celebrates iconic years in the game's history through archive footage and new interviews with players, managers and commentators and is narrated by Peter Capaldi, delivered fantastic ratings for STV. The series outperformed the network and delivered particularly high audiences for Men, a key audience STV is keen to grow going forward. A second series of *Football Years* has been commissioned for transmission in 2011.

Vet School, an emotional five-part documentary series which followed the work of the vets and students at the University of Edinburgh's internationally renowned Royal (Dick) School of Veterinary Studies, performed on par with the network and was particularly popular with

Women, ABC1 Adults and Housewives. Over 1 million Scots saw part of the series, reaching 26% of the adult population. Series Two will be shown on STV in Spring 2011.

Original programmes for 2010 included factual documentary *In Search of Burke and Hare*, presented by David Hayman who took viewers on a journey through 19th century Edinburgh on the trail of Scotland's most infamous serial killers. Exclusive *MovieJuice* specials were created for two of the biggest blockbusters of 2010 – *Harry Potter and the Deathly Hallows* and *Gulliver's Travels* – featuring interviews with the cast members by STV's entertainment expert Grant Lauchlan.

This year also saw the launch of *Being Victor*, a brand new six-part teen comedy drama. Various partners were involved in the series, making *Being Victor* an innovative collaboration. Originally commissioned by independent production company CTVC, the concept was developed and produced by Shed Media Scotland, and the project was match funded by the Creative Scotland Digital IP Fund. MTV was the digital partner for the initiative, with STV picking up the broadcast window for transmission across its licence areas. STV worked with Shed Media to create special 30 minute versions of this unique drama which started life as 20 x 10min episodes for online only.

The Hour, the only daily live TV show broadcast outside of London, went from strength to strength this year and has attracted top stars such as Westlife, The Wanted, John Barrowman, Julian Clary, Fran Healy, KT Tunstall and Joe McElderry. *The Hour* regularly outperforms Channel 4, Five and BBC Two, and is closing the gap on BBC One, in that slot, and attracts up to a million viewers a week.

STV prides itself on its sports coverage and, despite not being in a position to compete for the major sports rights due to the costs associated with acquiring these, we have a rich variety of programmes on offer for sports fans.

Every Friday evening, *STV Sports Centre* provides sports fans across the country with all the latest Scottish sports news, discussion and analysis in a 30 minute live show. Covering a range of sports, the show features a mix of agenda setting interviews, in-depth reports, and commentary from regular pundits, previews of the weekend's biggest matches and fantastic viewer competitions. In addition, four-minute bulletins air at 10.35pm every night between Monday and Thursday with all the sports highlights from the day, ensuring that viewers are kept up to date throughout the week.

During the 2010 World Cup STV offered viewers a huge selection of exclusive live matches and highlights programmes, live online streaming of the matches in Standard and High Definition at stv.tv and extensive online content and features.

More recently, STV screened Rangers' vital Champions League match against Manchester United live in HD from Ibrox as well as an additional two hour highlights show.

Additional matters

a) Cultural and other diversity

We currently employ 380 staff in locations across Scotland and in London. During 2010 we have engaged over 600 freelancers to support the activities of STV Productions; our developing digital platforms and our news teams. STV has staff of differing ethnic origins, ages and abilities both on and off screen. We are committed to enhancing the skills base of our organisation and training is made available to staff members where appropriate.

STV has been awarded the "Disability Two Ticks" symbol on five occasions since 2005 and most recently it was re-awarded to us in Summer 2010. This symbol recognises our commitment to the employment, retention, training and career development of disabled employees.

STV continues to broadcast a unified schedule for non-news programming, offering our viewers across the country access to a range of programmes reflecting different aspects and

cultures of Scotland. Our range of Gaelic programming offers this minority group representation on our screens.

Our six-part series, *It's Never Too Late*, broadcast in early 2010 and sponsored by The Big Plus, highlighted the issue of adults with literacy or numeracy difficulties, and followed their progress on a journey of learning and discovery, supported by a range of professionals.

STV's sales team offers innovative packages for clients including sponsored programmes, generating commercial opportunities for the business whilst offering exposure to lesser known minority groups or topics on a national television platform. In 2010, we broadcast a series, *Big Hearted Scots*, and the work of inspiring individuals throughout Scottish communities.

In late 2010, STV has committed to support the Scottish Government's "Get Ready for Work" programme and during 2011 we will provide training placements for young people not in education, employment or training, to provide them with experience of a working environment and an insight into possible career areas.

b) Promotion of media literacy

STV has a robust compliance process and dedicated announcers ensuring that all of our programming is clearly signposted and that the content is clear, enabling our viewers to make informed decisions about what programmes they choose to watch. Scheduling decisions are discussed at the forum of STV's Commissioning Group, chaired by the Channel Controller.

By migrating our content onto new and emerging platforms, STV encourages its viewers to engage with us in different ways. In 2010, we added HD, mobile versions of our main website, a bespoke STV News iPhone app and STV Local websites covering almost 25% of our population. These new services and platforms benefit from high profile promotion and viewer take-up has been extremely high and continues to grow.

Digital Switchover has now completed in the STV North region and will take place in STV Central during 2011. We are aware that viewers will look to the station for advice and information on this matter and we have proactively engaged with Digital UK during 2010. In the lead up to DSO in the STV Central region, we will continue to implement the activities successfully delivered in the STV North area, including on and off screen activity, marketing and PR opportunities in conjunction with Digital UK to raise awareness and understanding for all groups of viewers. Earlier in 2010, we hosted Digital UK representatives to carry out briefing sessions for staff to ensure STV staff are informed about DSO and able to impart knowledge of this matter.

Corporate Social Responsibility is very important to STV with staff across Scotland engaging regularly with members of the local community and further afield to increase understanding about the company and the industry. We have a team who facilitate studio tours to schools, community groups and businesses. We took part in Glasgow's Doors Open Day event, providing the opportunities for the public to visit STV and tour the Pacific Quay studio operation.

STV has developed strong links with educational institutions over our 50 years in existence, shedding light into what many regard to be a hugely competitive and exciting industry to work in.

We have recently offered competitive work placements to students across Scotland to carry out work experience placements on the Taggart set. Each student is spending one week working with various departments, and spending their second week in an area of their choice, be that wardrobe, make up, post production, direction, script editing etc.

We hosted a skills development day for Skillset academies in March this year, providing opportunities for shadowing, industry 'master class' style lectures and workshop based learning.

In June 2009, we announced a graduate placement initiative offering six month paid work placements for two media graduates, providing a solid training ground and delivering successful results. This is a key example of STV's commitment to supporting and nurturing new creative talent and growing the skills base in Scotland. The two students involved with the placements are currently working with STV, in the news room and in production.

In 2009 and 2010, STV worked in conjunction with Edinburgh Napier University's new degree programme, BA (Hons) Television as a key industry partner offering a comprehensive programme of industry support including student mentorship, work placement and shadowing opportunities, master classes, guest speakers and an end-of-year showcasing of students' creative projects. As this is a fairly new partnership for STV, we will closely monitor the progress and evaluate how successful the experience has been for both parties involved.

In addition to this, STV has strong links within the communities across Scotland and, as part of our CSR programme, we regularly welcome pupils and students into our studios for informative tours. Our weather presenter, Sean Batty, also provides educational presentations for school pupils on weather, meteorology and weather presenting. The feedback on these experiences is very positive and the continued high level of interest from schools suggests this is a successful and fun method of learning.

STV North has an annual placement scheme in place with Robert Gordon university where we take one of their media students in for a six week period. The company also offers media studies students at Aberdeen College week long work experience placements on a regular basis. We also welcome regular visits from school parties from throughout the STV North transmission area. Senior technical and editorial staff also give lectures and talks to outside organisations on a regular basis. Work experience placements are also regularly available at STV's studios in Inverness and Dundee.

Public Input

Our audience is of paramount importance to us and we continue to engage with them and welcome their feedback on our content. We offer a clear, immediate and direct route for viewers to feedback to us via our Your View service, which allows viewers to get in touch via phone, email and online. We also broadcast on-air announcements directing viewers to the Your View webpage on www.stv.tv in order that they can provide feedback easily and readily.

STV's website allows viewers to offer their opinions via the comment sections online, providing us with immediate feedback.

We regularly undertake audience research through focus group sessions. During 2010, we have held focus groups to provide us with audience opinion on our news programming and branding; *Taggart*; and our sport content. We also place specific questionnaires on our website to encourage viewer feedback.

We have also undertaken a strong programme of engagement with elected representatives at Holyrood and Westminster, providing an important opportunity for feedback and dialogue with MSPs and MPs.

In support of its public service broadcasting status, STV plays a prominent role engaging at all levels with a variety of stakeholders. We support organisations such as BAFTA Scotland, RTS, CBI, SCDI and Scottish Chambers of Commerce.