



Scottish Affairs Committee

Oral evidence: [Public broadcasting in Scotland, HC 574](#)

Monday 14 March 2022

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Members present: Pete Wishart (Chair); Deidre Brock; Sally-Ann Hart; John Lamont; Douglas Ross.

Questions 212 - 302

Witnesses

[I](#): Ali Law, Director of Policy, Sky; Jonathan Levy, Director of Newsgathering and Operations for Sky News, Sky.

[II](#): Chris Bird, Managing Director, Prime Video UK, Amazon; Georgia Brown, Director of European Prime Original Series, Amazon Studios; Benjamin King, Director, Public Policy UK, Netflix; Anne Mensah, Vice President, Original Series, Netflix.



Examination of witnesses

Witnesses: Ali Law and Jonathan Levy.

Q212 **Chair:** Welcome to the Scottish Affairs Committee for what will be our last evidence session on public broadcasting in Scotland. We are delighted that we are being joined by Sky for this particular session, and I will let both of our witnesses introduce themselves.

Ali Law: I am director of policy at Sky. I have been at Sky about nine years. Prior to that I was at the regulator, Ofcom.

Jonathan Levy: I am the director of newsgathering and operations for Sky News, responsible for all domestic and international newsgathering.

Q213 **Chair:** The first thing is that we were not entirely sure about the relationship between Sky News and Sky as a broadcaster. It is apparently an arm's length arrangement that you have. Could you start by describing that to us to help the Committee and those who are watching?

Ali Law: I will outline briefly. As part of Comcast's purchase of Sky in 2018, undertakings were given to the Secretary of State that guaranteed the editorial independence of Sky, including the construction of an editorial board. It gave those guarantees for a 10-year period. The reason why you have a combination of myself and Jonathan today is that I am here to answer any questions around Sky's presence as a broadcaster, as a communications company per se, but if there were ever any questions about how Sky News covers Scottish issues or the way that Sky News is set up from that perspective, they are best directed at Jonathan rather than myself.

Q214 **Chair:** Excellent. I think that describes it perfectly for us. There will be some questions to you, Mr Levy, about the arrangements that Mr Law outlined for us there. Could I start with you, Mr Law? Perhaps this is an opportunity for you to tell us and quantify the extent of Sky's investment in original content in Scotland.

Ali Law: Sure. We have a long history in Scotland in general. We serve our customers there in a number of different ways. We are a major employer up there, as you probably know. We tell authentic Scottish stories in our programming and we bring Scottish sport directly to our audiences with world-class coverage.

In terms of the specifics around content, we don't break out content spend numbers even on a country by country basis across Sky Group and not from a UK perspective on a nations and regions basis either, but we do have a significant number of Scottish stories that we are telling, number one; filming and production that is taking place in Scotland, number two; use of Scottish production companies, Scottish talent and so on, number three. I am happy to run through some examples for you.



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One of the ones that we are most excited about and looking forward to is a new drama, "Lockerbie", which was announced last month. Half of that will be filmed in Scotland. It will be a multimillion pound budget, multimillions per hours. It obviously tells an inherently important and Scottish story and we obtained soft funding for that from Screen Scotland. Similarly, we have used Scotland significantly for a number of drama shootings. For example, "Patrick Melrose" was filmed in Glasgow—Glasgow doubling as a 1980s version of New York. The filming of the last few episodes of the Sean Bean Sky original "Curfew" took place in the Highlands of Scotland.

From an original film perspective, we are starting to expand our original film portfolio from a Sky perspective and have a couple of Scottish production companies that we are working with at the moment on films that are upcoming in the next year or two. One in particular filming in Scotland, although not set there, is also receiving funding from Screen Scotland. The co-producer of that is the Scottish-based production company Highland Midgie. We have worked with Blazing Griffin, which is another Scottish production company, on "Book of Love" and "Book of Love 2", Sky original films that showed across all of our markets.

Chair: And "The Last Dance" by Runrig.

Ali Law: I am very glad that you brought that up. Yes, indeed, "The Last Dance", both the concert and the associated documentary as well, that is right.

That, I suppose, takes me to Sky Arts. Some of the examples that I have given so far are primarily based around Sky's drama and film areas. Comedy is another area where we differentiate ourselves as a broadcaster by focusing on quite high end and, therefore, high cost per hour commissions. Therefore, the numbers of hours might be comparatively small, even though the budgets that we are spending on them are comparatively large.

The slight difference for that is Sky Arts, which we took free to air in September of 2020 and is our original arts channel showing arts programming 24 hours a day. In that instance, we have quite a high number of hours and, as a result, we have quite a few more Scottish stories that we can talk to and point to. If you have not seen "Boswell & Johnson's Scottish Road Trip", that is Frank Skinner and Denise Mina journeying from Edinburgh all the way through Inverness around to the Hebrides, tracing the trip that Samuel Johnson and James Boswell did in 1793. It is fantastic. "Landmark" had a Scottish heat, which Denise Mina judged as well. We filmed "Landscape Artist of the Year" from Forth Bridge before we filmed "Fly the Flag for Human Rights", partly shot in Scotland. You mentioned Runrig and I was very glad that you brought that up. We also have Scottish documentaries that we have shown, one "Ivor Cutler by KT Tunstall", one on Muriel Spark presented by Ian Rankin.



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Through Sky Arts in particular, because of the larger number of hours of content we are commissioning there, we do tell specific and substantive Scottish stories but we look to commission on a broad basis across all of our genres: drama, arts, comedy and entertainment.

Q215 Chair: It may be because we are all Scottish Members of Parliament representing areas in Scotland, but I think we are all very sensitive when we see images of Scotland emerging on the screen, whether that is on public service broadcasting or on Sky. Brian Cox in Dundee during "Succession" is one that we all know. I do not think we see all that many images of Scotland. I know you have listed off quite an impressive list there. Do you feel that you are able to promote and shoot in Scotland proportionate to the rest of the United Kingdom? Maybe you could tell us what you spend on production in Scotland. Does that roughly fit in line with our population percentage share of the UK?

Ali Law: It probably is better to do it in terms of shooting in Scotland because that is tangible and you can point to something, whether it was shot there or not. Part of the difficulty from a spend perspective is, if you take the "Patrick Melrose" example that I gave, that was a programme that starred Benedict Cumberbatch and was set across areas of both the UK and America. We filmed in Scotland but it was not necessarily telling an inherent Scottish story. There is a question mark as to how you divvy up the budget for that as to which is attributable to Scotland and which is not. If you do it as just shot in the area of Scotland, then yes, we actually overindex. We took a quick look at our 2021 original hours that we commissioned and about 12% of them were made in Scotland, so I think by household it is maybe 8% and by population it is 9%. We were overindexing from that perspective.

The other thing is that it is likely to fluctuate on a year by year basis because of what I was saying about the number of hours that we commission being relatively smaller than, say, the PSBs, which have daytime schedule to fill. In a year where "Lockerbie" ends up shooting, for example, half of that being shot up in Scotland, then you might have comparatively more being delivered on that year than another year. It might fluctuate, but overall our approach to commissioning is always to try to commission so that we are reflecting the lives and the experiences of our customer base. Our customer base contains a proportion of Scottish viewers and, therefore, we are absolutely looking to be able to tell their story and show programmes that they relate to on screen.

Q216 Chair: Could you share with us the number of people who work for Sky directly in Scotland? You have the call centres and contact centres in Livingston and Dunfermline, is that right?

Ali Law: It is. We have more than 6,000 people who work in Sky up in Scotland, which is from a UK number of around about 25,000 people overall. They are split across a number of sites. You mentioned Livingston. We have Dunfermline. We have sites in Glasgow. Just south



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of Livingston we have our Watermark site as well. At Uddingston we have people there, too. We have a mixture.

You mentioned the call centres. It is not just the call centres that we have there. We have a financial shared services site that is run out of our Watermark facility. It is 308 people there, including large finance, highly skilled roles such as head of finance, director and so on. We have HR services that we run out there. We run a significant amount of our technology services out of that site as well. It is a mixed ecology of Sky employees who are present in Scotland.

Q217 Chair: I imagine that at these call centres there will be lots of inquiries about the cost of subscription packages just now around the cost of living crisis. I think we can all concede that the range of Sky packages could range from what you could call the reasonable to the very expensive. Are you making it easy for people to cancel maybe expensive items like Sky Sports if they are looking at their household budget and finding it is either putting the TV on this evening or being able to heat the home?

Ali Law: Whenever anybody calls up in a vulnerable situation from a financial perspective or otherwise, we empower our customer agents to be able to talk with them and work with them to make sure that whatever options are available for their package work best for them, given the competing priorities that they might have. Part of that might be a reduction in packages for a period of time. It is worth saying that we also have access to Sky content via our streaming service now as well so that is a no-contract, lower-cost alternative. That is both from a TV perspective and from a broadband perspective as well.

We put in place measures throughout the pandemic to ensure that people who found themselves in a financially challenging situation would be able to move on to lower-cost packages for a period of time in order to not build up significant debt if their jobs had been temporarily halted and so on. Like everyone, we are attuned and alive to the cost of living issue at the moment and we definitely give our customer service agents the ability to work with anybody who calls up to find the best option for them.

Q218 Chair: Obviously, during a lockdown more people are watching TV and I think it is something that people now have become used to, so television services are pretty much an essential. You probably did reasonably well, I would imagine, out of the pandemic with new customers and new subscribers. Can you give us an indication of the number of new people you got in the course of the past couple of years and what benefit that brought to your company?

Ali Law: I don't have the figures directly in front of me, but I can go away and write back to the Committee with that. I would say that, like all businesses, we were challenged by the pandemic, not least because we paused all of our provision to pubs and clubs, which had to close, perfectly understandably the right thing to do but obviously that led to a significant drop from the perspective of our revenue. Similarly,



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advertising took a significant hit as a result of particularly the early days of the pandemic. It bounced back strongly subsequently, but there was a period of time where we weathered that. From a sporting perspective, obviously significant amounts of sport, in fact all sporting events, were unable to take place for a period of time and we gave customers the option to pause their Sky Sports subscription during that period as well.

As a result, I don't think we would view the pandemic as something that was beneficial to us or hugely profitable for us at all, but I will come back to the Committee on that.

Q219 **Chair:** It would be good to see the figures. We will come back to Sky Sports because there are a few detailed questions we have about that. We are not forgetting about you, Mr Levy, we are just interested in these initial discussions.

First, from all the Committee, as a representative of Sky News, the contributions that your news staff have made in covering the crisis in Ukraine is something that we all very much appreciate and admire. Could you pass that on to your news team there?

Ali Law: I will do, thank you.

Q220 **Chair:** As you know, as Members of Parliament we are obviously very much glued to Sky News on a regular basis just now.

Maybe you could tell us from your side about the relationship you have with Sky as a channel and explain a bit further whether that works for you as Sky News. In that answer, could you give an indication of just how many viewers and what the viewer share from Scotland might be to Sky News?

Jonathan Levy: Yes, of course. In terms of the relationship between Sky News and Sky corporately, as Alistair was laying out earlier, our editorial independence is enshrined as part of the arrangements that followed the Comcast takeover of Sky in 2018. What that means in effect in this context is that any decisions about Sky News coverage are exclusively the prerogative of the head of Sky News, John Ryley, or his delegates. That means that all the decisions about what is covered by us are ours alone and there cannot be any interference or suggestion or anything from the corporate side of Sky. The protection mechanism is an editorial board that has been appointed, which ensures that that wall stays in place. Any interference would be referred to it and investigated accordingly. All the decisions that we make about our journalism are ours alone.

In terms of the proportion of people in Scotland who are watching on TV Sky News's coverage, we slightly overindex. It is about 9% of Sky News's audience comes from Scotland. Scotland is about 8% of the population, so it suggests that Scotland is well served by Sky News's television coverage.



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Q221 **Chair:** We know that James Matthews has been your Scotland correspondent for a number of years. Is James your sole news reporter from Scotland just now?

Jonathan Levy: James will be very familiar to all of you. He has been reporting for Sky News in Scotland for 26 years. I think it is important to say we value Scottish stories and Scottish news very highly and we have a very good tradition of covering Scottish stories. We have won BAFTAs and other awards for our coverage of Scotland. James is our permanent representative in Scotland, leading a team of four, but we are frequently supplementing James with other specialist reporters or general reporters. For example, during the last year for the Scottish parliamentary elections we had a team of over 25 there around those. We had over 60 people in Glasgow for the COP26 climate summit. We are frequently sending other reporters up to Scotland to cover particularly specialist stories. Beth Rigby was there ahead of the Scottish parliamentary elections, and during them I think she interviewed you, Mr Ross, as part of a story she was doing. We have had Ed Conway up in Scotland recently, our business reporter Paul Kelso, our climate correspondent Hannah Thomas-Peter. We are frequently supplementing James with other members of the reporting team.

Chair: I know that John Lamont has further questions on this, so I will pass over to him.

Q222 **John Lamont:** Good afternoon to you both. My first question you have partially answered, Mr Levy. In relation to the scale and the scope of Sky News's newsgathering operation in Scotland, I think you have answered that, unless you want to add anything beyond what you have said already.

Jonathan Levy: No, I don't think so.

Q223 **John Lamont:** How do your news editors determine what prominence is given to Scottish news headlines? For example, the Kay Burley show in the morning, how do you ascertain how much prominence you give to Scottish stories?

Jonathan Levy: The first thing to say is that what we are always looking to do, the proposition of Sky News, is to cover stories that are of UK-wide and perhaps even international import. That is the proposition. Quite specifically, we are not a nations and regions news service. We are not necessarily thinking specifically about any nation or region of the UK when we are thinking about what stories we select. We select stories that we think our audiences will be most interested in. Scotland, as part of a very significant and interesting and highly valued part of the UK in terms of its news output, will always feature in that. There will be diary events that come up through the planning process that are selected on the basis of their interest. Kay is frequently talking to Scottish Members of Parliament or party leaders. It runs through the planning process and we



will be assessing every story on its pure editorial merits rather than perhaps its national or regional merits.

Q224 **John Lamont:** Sticking to Kay Burley, given that she covers the morning breakfast show where you have the Ministers doing the rounds, do you always feel that she is up to speed with the Scottish aspects to the stories in the same way that she is—obviously, she is well known for giving UK Government Ministers a real interrogation, whether on coronavirus or refugees, whatever the issue is. You feel as if she is giving the Minister quite a tough time. Do you feel that it is a comparable tough grilling she gives to Scottish Government Ministers when they appear?

Jonathan Levy: Yes, I would hope so. Having known Kay for many years, she is not prone to give anybody a particularly easy time. I would expect all our journalists to be well versed in their topics as they relate to different parts of the UK, well versed in the differences between the different nations, and be able to be an equal inquisitor for everybody they speak to.

Q225 **John Lamont:** Dan Williams is one of your team. He is head of politics, isn't he?

Jonathan Levy: He is, yes.

Q226 **John Lamont:** I had an e-mail exchange with him back in November 2020. It followed an appearance by John Swinney MSP, the Deputy First Minister of Scotland. As I say, it was in November 2020. The first two substantive questions that Kay Burley put to him centred on how the Conservative Government and the Conservative Prime Minister were viewed in Scotland—this is to an SNP politician—and did not really relate to anything to do with how the Scottish Government were performing at that particular time.

If you rewind the clock, and it is easy to forget what was going on at that particular time and a lot has happened since, but at that particular point in time there was a bit of a scandal in Scotland about care home deaths during the coronavirus. There were issues about the policy of the Scottish Government to impose different restrictions for different local authorities, which again were very controversial, certainly for many of my constituents. At the same time, the SNP party conference backed a motion to have another independence referendum.

The point that I put to Dan was if a UK Government Minister had been on, you would not have been asking a UK Government Minister very easy-bowl questions in the way that John Swinney had been challenged. To be fair to Dan, he acknowledged it, and I will quote what he said. He said, "I think you make an absolutely valid and important point." He said, "In defence of the show itself and of Kay, their focus is generally on the morning news round in pushing on stories that are dominating the agenda. This can sometimes mean that they are, politely, a little blinkered on wider issues."

It struck me that the focus of Kay and the Sky News show in the morning



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is more on the UK Government agenda rather than drilling down on the issues that John Swinney was actually responsible for. I would suggest he should have been getting a similar level of interrogation compared to a UK Government Minister.

Jonathan Levy: It is clear in that instance that your objections were valid and it seems like Dan has acknowledged them. I would hope that that instance does not characterise all of Kay Burley's output every day. I am not familiar and cannot recall that particular interview with Mr Swinney. Dan appears to have addressed it with you, but I would hope that is not characteristic of any part of our output as a whole.

Q227 **John Lamont:** Dan goes on to make the point that he understands the importance of making sure your journalists understand the nuance of the situation in politics in Scotland. I wonder if you could expand on that a little bit just to reassure me that that nuance that Dan refers to in Scottish politics is reinforced with all these significant players. Kay Burley and others are significant players in setting the news agenda for each day, and if they are not on top of their game, if they are not holding Scottish Government Ministers to account in the same way that they hold UK Government Ministers to account, they are projecting and encouraging a skewed news media agenda for the rest of the day, I would suggest.

Jonathan Levy: No, I understand. I think the point would be that all our presenters and reporters are expected to be across all the nuances and details of the stories that they are covering and interviewing people on. In our political programming in particular, notwithstanding that particular example, we would expect the presenters to be properly briefed by their producers and have all the information at hand that they need to carry out a thorough and, to use the correct word, nuanced interview that covers the differences. That would be whether it is Kay Burley's programme in the morning or Dermot Murnaghan's in the evening or Sophy Ridge's on a Sunday.

The process would be a thorough brief. We rehearse interviews. We talk through with presenters these issues and point out where there are differences around devolved powers and all aspects of things. As for the political correspondents, equally we would expect them to be on top of that very much as part of their job to understand the nuances and the differences of the devolved nations of the UK.

John Lamont: Just to conclude, I am a fan of Sky News. I do think you do a very good job, as does your entire team, but I do think it is important that you recognise the need for consistency in terms of the level of interrogation that you give the Ministers for both of Scotland's Governments.

Jonathan Levy: Absolutely, and thank you for the praise.

Q228 **Chair:** Before we move on from Sky's coverage in Scotland, I think it was



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you, Mr Law, who said in the 2020 DCMS Committee that you proposed a franchise model for regional news in the UK. If this was developed, would Sky News bid to provide regional news in Scotland? Is that something that you see as part of your ambition for news coverage in Scotland?

Ali Law: I will take the first bit of it, given that I said it 18 months ago. That was said in the context of a period where Ofcom was conducting its public service broadcasting review, and it was one of the potential reforms that we were suggesting if it was looking to take a complete and total bottom-up appraisal of the interventions that occur in the broadcasting sector. It subsequently published a consultation and then a statement, which did not take that forward, and as a result it is not something that we have discussed any further.

Q229 **Chair:** Is it still something you would like to see happen?

Ali Law: I think that the debate has almost moved on and not there. Absent Ofcom looking at a total bottom-up approach, which it has not done, the franchise model was based on the notion that at the moment there are regulatory subsidies for the two broadcasters that provide nation-specific news, BBC and STV.

Q230 **Chair:** I will invite Mr Levy to say something on this, too. Coverage of news in Scotland is moving apace. We have a dedicated channel now in Scotland with its own news programmes. There is now the six o'clock news on STV. Ireland has an opt-out, hasn't it, for coverage of Irish news? Is it time for Scotland to get that?

Jonathan Levy: I think it would be a bigger strategic decision about how we wanted to adjust our news coverage as a whole. As I say, at the moment we don't have a nations and regions approach to news. We are a broad UK-wide focused and international focused news channel.

Q231 **Chair:** Is it something you have in mind? Is it something that you aspire to deliver or are you content that Scotland will get its share of the news through your general UK coverage and just coming up to Scotland, as you do, sending some reporters up when you think it is important and leave it to James and the rest of the guys to do the rest?

Jonathan Levy: I think what the viewing numbers suggest is that we are serving Scottish audiences well, that Scottish audiences are being well served by Sky News. If there was an instance, and what you have been asking Ali about is one of those instances where we look at a change in strategy for different reasons, then we may adjust things accordingly. In terms of the way we are organising ourselves editorially at the moment, we think that the approach works and that seems to be supported by the viewing numbers.

Q232 **Sally-Ann Hart:** Good afternoon to our panel. The Chair mentioned public service broadcasting. As regards that, how much of Sky's programming would you describe as public service rather than purely commercial, Mr Law?



Ali Law: The two aren't necessarily completely mutually exclusive. Everything we do we do without subsidy and, therefore, in a sense everything we do is done for commercial reasons ultimately. I think you would look at Sky News's 30 years' worth of rolling 24-hour news. You would look at the Sky Arts, as I was talking about earlier, free-to-air arts provision on a 24-hour basis. You would look at some of the high-end and multi award-winning dramas, comedies, documentaries and so on that we have put out. Quite a significant amount of Sky's output is very much in the service of the public by its nature, even though it serves a commercial objective for us overall.

Q233 **Sally-Ann Hart:** Even though it serves a commercial objective, would you say that your driving force is commercial considerations when you are doing something public service orientated? Is it the public service in itself that you are looking at or are you always considering the commercial considerations?

Ali Law: I think that the two do work together quite well because we have an objective at Sky to be a force for good and we recognise the need to be a responsible organisation. That is reflected in lots of the programming that I have just mentioned. Of course, part of the rationale that underlies that is that being a force for good increases the trust that your audience has in you. It increases the sentiment and reputation towards you as well. Again, it serves both elements.

One of the things that we have seen increasingly over the years from when public service broadcasting was first conceived is that there are greater and greater incentives for the wider market, those broadcasters not supported by regulatory subsidies or the licence fee to deliver content that people would look at in and of themselves and quite obviously say that feels like public service broadcasting to us. Sky News is the absolute epitome of that in my view.

Q234 **Sally-Ann Hart:** In the past, you have said that the UK should no longer take an institutional approach to public service broadcasting. What do you mean by that and what approach do you think should be taken instead?

Ali Law: Again, those comments were made in the context of the Ofcom PSB review and it feels like Ofcom has concluded on that. The point that we were trying to make at the time was the way that the regulatory system in the UK operates is such that those public service broadcasters are given obligations and requirements that they have to fulfil, quotas and so on. What we were cautioning against is the notion that if there are public policy objectives that government have in mind that they want to see achieved, they should not just try to achieve them by asking those same broadcasters to deliver in return for some additional benefits. We were arguing that there are much broader horizontal interventions that could be put to good use and could encourage a variety of different providers to deliver that kind of content. The UK Government tried this out with the young audiences content fund and Sky itself, as a recipient



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of that, created "FYI News", which is a Sky News product that works with children and delivers news into schools. That was also accessed by the BBC, Channel 5, ITV and so on.

Our point was that as viewing fragments and as there are more eyeballs on a plethora of different providers, you gain less and less by simply asking the same set of institutions to do more in certain areas because the viewing is not there. You are better off trying to achieve public policy objectives by broadening your interventions and making it such that a variety of market players can access those interventions and deliver on behalf of their audiences.

Q235 Sally-Ann Hart: Would you say that public service broadcasting essentially, the way it stands now, is not really viable because of multichannel and TV and digital, do you think?

Ali Law: I would not say that it isn't viable. I would say that the PSBs find themselves on the whole in a very healthy position and the regulatory subsidies that they are in receipt of match, balance or are greater than the obligations that they deliver on. I think they are still going to be able to produce the output that they are asked to and their viability is not under threat. What I do think, though, is that if viewing continues to fragment, unless there is that wider provision by the wider market, then you are going to get less impact for the obligations that you are asking them to deliver on. That is why we were arguing that viewing new incentives as being open across the board would be more beneficial because we can access it, other broadcasters can access it and so on. It can speak to other areas of the audiences that are maybe not sticking with the PSBs in quite the same way.

Q236 Sally-Ann Hart: Okay. Bearing in mind that watching BBC is covered by licence fee, and you said that you are not subsidised, would you consider that content that is not available free to air can be described as public service broadcasting?

Ali Law: I think it can. I think that public service broadcasting always has that foundation of universal availability, but the vast majority of UK households do pay for content in one form or another, be it with us, established pay TV operators like Virgin or some of the streamers that you have coming in in your subsequent evidence session today. The availability element of it matters a lot less than you might think it might have done previously. Certainly, some of the bigger shows that we have put on, things like "Chernobyl" and so on, really high-end drama, has been—

Sally-Ann Hart: Excellent.

Ali Law: I am very pleased to hear you say that, stuff that is equally as comparable and holds its own against some of the bigger PSB commissions as well and we think makes a real contribution. Certainly, when you look at the definition of public service broadcasting in the



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Communications Act, it ticks an awful lot of those boxes in terms of high quality, high production values and so on.

Q237 **Sally-Ann Hart:** Thank you. This is my last question. Do you think that the duties of public service broadcasters can be met by paid-for broadcasters?

Ali Law: Yes, absolutely, and I think that we are doing that and we are showing that we are doing that.

Q238 **Douglas Ross:** Good afternoon to our witnesses today. Mr Law, do you do any research and can you publish the main reasons why people sign up to Sky? Is it to get the sports package? Is it for the news? Is it for drama?

Ali Law: We do extensive research but I don't think in any publishable form because obviously it is commercially confidential. I think that there are a wide variety of different reasons. As you mentioned, we offer a suite of different types of content and for some the sign-up journey will be very different to others.

Q239 **Douglas Ross:** Is there any geographical difference that you have noted internally?

Ali Law: We do know that Scottish Sky viewers are overindexed on both our pay entertainment channels and also our Sky Sports channels as well.

Q240 **Douglas Ross:** In response to the Chair, you were saying how your customer service agents are very cognisant of the fact that people are in some cases struggling with income, cost of living and so on. Do you know the percentage of people who call to cancel who successfully cancel their subscriptions?

Ali Law: I don't have that in front of me, no.

Q241 **Douglas Ross:** Would it be a high percentage?

Ali Law: When people call to cancel, what we do is we work with people to establish the situation that they are in, whether or not there are any other options that would continue to give them the services that they value and that they enjoy at a price that was more affordable to them. We will go with them through that journey to try to ensure the best outcome for them.

Douglas Ross: Would that then be a no to my question?

Ali Law: Honestly, I don't know what the figures are and, therefore, I would be shooting in the dark.

Q242 **Douglas Ross:** But you accept that a significant majority of people who with the sole purpose and sole aim of phoning up to cancel do not then cancel their subscription to Sky. They are given incentives to stick with it.



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Ali Law: I don't know if I would describe it as a significant majority because I simply do not have the figures.

Q243 **Douglas Ross:** Are you able to get those figures?

Ali Law: I can take it away and have a look with the business as to what we might be able to share, but it is the case that we do encourage customers when they face those situations, or even just when they are coming to a point where they might have a different decision about what they want to take, to phone up and to speak to our advisers. As I was outlining earlier, be it through our Now proposition, which is an out of contract approach, be it through different variations of packages and so on, we feel confident that we are able to find a solution to whatever challenge they are facing or decision they are considering taking to ensure that the services that they may value and enjoy and love remain available to them in a way that is sustainable.

Q244 **Douglas Ross:** It does raise the question why they could not get that deal to begin with.

Ali Law: All of the deals that are available to people, so any advertised deal that you see for new customers, is available to customers that come to the end of their contract and want to renew with Sky as well. We don't have a situation where there are monthly tariffs that are only available to new customers, not to customers that have been with us and want to recontract with us.

Q245 **Douglas Ross:** I have certainly experienced myself, and I know our family has, that when you phone up and say, "That's it, we're paying too much, we're going to leave Sky" you can all of a sudden, within seconds, get an amazing deal, which would have been nice for the preceding years when we have been locked into a higher contract.

Ali Law: I think it is certainly the case that, as I was saying, customer service agents are empowered to try to present those packages to you if there are services that you value and you are in a position where you are not able to make those payments anymore or you are having decisions about moving away.

Q246 **Douglas Ross:** Those figures would be useful if you could provide them to the Committee.

You mentioned, Mr Law, about the coverage of sport that you provide and I think rightly there was unanimous credit given to James Matthews for the work he does reporting politics in Scotland. I would have to say there is some, certainly from my side, very strong praise for Ian Crocker. He does great work commentating on Scottish football. Have you seen earlier evidence sessions that we have had on this subject in this Committee when we spoke to executives from STV?

Ali Law: We have indeed, yes.

Douglas Ross: Tell us your opening gambit in terms of not making



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future Scotland internationals available to free-to-air channels.

Ali Law: There are two things to say here. The first is that we are proud of the investment that we make from a sports perspective. We have invested £15 billion over the last 12 years into sports via our various rights deals and we are an important partner to very many sports in terms of that investment but also in terms of the ability that we give sports to grow, to be able to showcase their coverage across the 10 Sky Sports channels that we have. We have worked very closely with Scottish football authorities, both the SFA and the SPFL, for a number of years. We are a conscientious holder of these broadcaster rights as well.

We do have a track record when it comes to decisive moments of national importance, like the Scotland-Serbia game in March 2020 when Scotland was a game away from participation at a major championship for the first time in 22 years, that we did make that available free to air via our own channel Pick. It was phenomenally successful and it got 63% of the viewing audience in Scotland that night, around about 1.5 million people. We have had discussions with STV and there is a little bit more detail to work out, but we are in a position to say that we would adopt the same approach should Scotland get to the World Cup qualifying final, which now has obviously been rearranged, given the circumstances, but should they get past the semi-final and into the final we would partner with STV to show that on a free-to-air basis.

Q247 **Douglas Ross:** Just to check, the Ukraine game will not be free to air?

Ali Law: That is correct, yes.

Douglas Ross: But if we are successful, then the subsequent match will be?

Ali Law: Yes, that is right. I think that that reflects the approach that we have used on previous decisive moments of national importance. I mentioned the Scotland-Serbia game. We also showed the England Cricket World Cup final in 2019 in partnership with Channel 4, and the Lewis Hamilton attempt at the eighth title record in the final F1 race of the season earlier this year as well.

We do have this responsible attitude whereby although we have a business model that is based around pay TV sport and we have a responsibility to the Sky Sports subscribers who pay their money and subscribe to not erode the exclusivity of that significantly, nevertheless we have shown on a number of occasions now that if we reach that moment of decisive national importance we make games or matches or sporting events available on a much wider basis, and we are happy to do that again.

Q248 **Douglas Ross:** What is the criteria for that? The semi-final is quite a big deal for Scottish football fans. The Euros was great. This is potentially the first World Cup since 1998 so there will be a lot of interest for the semi-



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final as well. Why does that not meet the criteria? Could it potentially meet the criteria, particularly given the circumstances of who we are playing against now I think in June?

Ali Law: I think that the word “decisive” in the phrase that I have used, decisive moments of national importance—

Douglas Ross: Every game for Scotland is decisive.

Ali Law: Which I completely understand and for any sports fan that will be the case, but obviously if you start working back, that does take you to a point where any sporting event that a huge number of people have an interest in can fit that description.

If you look at the incidences in which we have done it previously, it has always been those one-offs. Scotland-Serbia is a really good example inasmuch as it was that game; it was a do or die moment. The same thing will be the case should Scotland get to the World Cup qualifying final. That was also the case with the Lewis Hamilton F1 race and the England Cricket World Cup final as well. I hesitate to say once in a generation but it is those decisive moments of national importance. As I say, the balance is there because for the semi-final or for the qualifying elements themselves, we have a responsibility to Sky Sports subscribers to not erode the exclusivity that they are paying for.

I would also say that the situation is different to how it was maybe 10 years ago, 15 years ago, where the choices were either you were a Sky subscriber or you were not and, therefore, you did not have access. Now we have our Now streaming platform, where you can buy either monthly passes or individual day passes for £11.99. If it is just a one-off thing that you want to watch, you can have access to that without taking a contract. We show YouTube highlights of many sporting events very, very soon after the final whistle has blown. During the game itself we will tweet out clips and so on. The range and accessibility of our sports offering has increased significantly, but we still do have a business model that is based around paying for sport. That is how we are able to drive the investment into the sports that we are partners with.

It is worth saying one additional thing, which is that our position as a partner in sport meant that when covid hit and when we did have all of those cancellations, we were able to work with the sporting bodies to ensure that the investment that we were delivering them was not completely turned off and to smooth the revenue recovery that we were all looking for during that period of time. That is because we have such deep partnerships, such a deep level of investment, because of the track record that we have over the last however many years of delivering sport in that way.

Douglas Ross: I have to say that football is obviously not at the forefront of people’s minds at the moment, particularly the game in Ukraine, but I think that is positive news, certainly for the Committee



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because it is something that we have pushed quite strongly with STV. Fingers crossed Scotland gets to that final and we look forward to watching it on free to air. Thank you very much, Chair.

Q249 **Chair:** Could I stay on football and your coverage of the Scottish Premier League for a minute? Again, I know it is probably difficult but how many people actually watch the games on Sky TV in Scotland, say over the weekend with the games that you were highlighting?

Ali Law: They are very popular. If you would just bear with me while I look for the specifics, the total SPFL average from last season was 353,000 and about 60% of that average viewership comes from Scotland, so that is 213,000 on average for SPFL games.

Q250 **Chair:** That is very impressive. I will tell you one of the reasons why. I think I have cancelled Sky Sports twice. You think you are buying the exclusive package of Scottish Premier League games and all of a sudden you find that one of the games is on Premier Sports and you have to pay for that, too. Is there no way that you can have an arrangement where you could buy to watch all the games that you want to watch from the Scottish Premier League without having to have further subscriptions?

Ali Law: At the moment we are the exclusive home of SPFL. One thing that we have done with the onset of covid—we have done it for the last two years—is we have had an arrangement with the SPFL to ensure that games are shown via a season pass so that if people are not able to reach the game, originally because of covid and then flowing through, that it is available on a pay per view basis. That has run for the last two years and we will be reviewing that with the league beyond that. We have a long-term deal with the SPFL and—

Chair: Tonight's Celtic game is on Premier Sports. It is a cup game, that is why I asked.

Ali Law: Okay, sorry, I was talking about SPFL specifically rather than—

Chair: You have all SPFL games, as in everything—

Ali Law: Yes, SPFL we have, yes.

Chair: There are no other Premier League games.

Ali Law: No, that is correct.

Chair: If you wanted to watch that exclusively it would all be on—

Ali Law: Yes.

Q251 **Chair:** If you don't mind me asking, how much do you pay for the rights?

Ali Law: I don't know if that is public so what I will do is I will take that away and make sure that we write back to you if we are allowed—

Q252 **Chair:** Can you give us just an indication of how much you would pay for



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those rights? Is it millions of pounds, is it hundreds of thousands?

Ali Law: It is definitely in the millions.

Q253 **Chair:** Again, how much would you pay for the rights to cover Scotland football—

Ali Law: Again, I don't know whether or not that is in the public domain, so if that is okay with you I will take it away and write back to the Committee.

Q254 **Chair:** For us and the people of Scotland it is important to know how much our national sport is worth to the broadcasters. I do not know why that should be some sort of trade secret.

Ali Law: I don't know if it is necessarily a trade secret, it is just whether or not we have proactively announced it previously. I will take it away. I will say that we compete in these rights bids alongside a variety of other broadcasters, so in the areas where we win them we have won them because our bid was ultimately the highest. That is the case for SPFL, for the Scottish qualifiers and other sports rights that we take.

Chair: It pays to have deep pockets when it comes to winning the exclusive rights to games like that, yes.

Ali Law: As we were saying just then, it is a very popular product and, therefore, as a result it is a fiercely competitive bidding process.

Q255 **Deidre Brock:** Good afternoon, gentlemen. Thank you for coming along today. I had better mention that I am a member of the BBC all-party parliamentary group, to make that clear right from the beginning.

I wanted to ask you first about the issues of prominence, which is, of course, where channels appear in the different listings, and get your views on that. Mr Law, in 2020 you said that partnerships and commercial incentives are the best way to resolve prominence issues. Could you go into a little bit more detail for us about why and how commercial incentives are preferable to regulation in this instance?

Ali Law: From our perspective, they are preferable because we think that there are mutually aligned incentives in this area. The PSBs have popular content that audiences want to watch. We have innovative, well-liked, well-loved platforms that audiences buy and, as a result, we have an incentive to get deals done. We have gone through a period of renegotiating a number of our deals with the PSBs in order to be able to launch Sky Glass, which we launched towards the end of last year, in October, which is Sky's new streaming TV. As a result of that, we did deals with all of the PSBs and in all of those instances we have ensured that not only the required regulatory linear prominence is there, all the channels in the orders that you would expect them, but that also from an on-demand perspective prominence is given to the PSBs from an app perspective before services from Sky, services from streamers and so on, when you load it up for the first time. The reason that we do that is not



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because we are required to from a regulatory perspective but because we know that it is what audience expectations are. We want to serve our audiences with the best platform and audiences want to be able to get the content that they want as easily as possible.

We have 30 years' worth of partnerships and deals that we have been striking with content providers and the PSBs in particular and, as a result of that, we are very clear as to what it is that audiences expect. We are delivering on the regulatory calls that various people make in terms of prominence, even though there is no regulatory requirement whatsoever. From our perspective, you need to do that in order to be a popular platform and in order to be a platform that people will take services from and watch their TV via.

Q256 Deidre Brock: Are you saying there is no debate over where you sit on the listings? I thought that this was quite a live issue for a lot of broadcasters. Certainly, I am fairly sure that the BBC is concerned about it.

Ali Law: I think that the PSBs' argument is that particularly some of the more nascent, emerging ways of watching TV, be it smart TVs, smart sticks, newer entrants to the market, they may have in those negotiations struggled a little bit more. Our perspective on that is that those platforms are unlikely to become significantly successful in the UK unless they strike those kind of deals with the PSBs. I think I am right in saying that the Amazon Fire Stick as an example, when it first came to market, did not have the PSBs preloaded. I think that the second or third iteration that came out in 2020 had all of the PSBs preloaded and came with the PSBs as part of the marketing campaign, saying plug this in and you get the BBC, STV and so on.

As a result of that, you see an evolution in the market whereby companies that are launching platforms into the UK know that in order to be successful they have to strike those deals with the PSBs. I am sure the PSBs would like a regulatory support system in that area, but from our perspective commercial negotiations deliver on the public policy objectives that people are shooting for in this area.

Q257 Deidre Brock: That is the commercial argument. You are arguing then that there is no need for regulations to be there in order to protect those places?

Ali Law: Yes. From our perspective, we do not have any regulatory requirements from an on-demand perspective at the moment, yet all of the PSBs have on-demand prominence on our platforms. We have not been compelled by regulation to give them that. We have done that because we know audiences value them. We value having their content on the platform. PSBs value being on our platform in order to drive the reach. It is worth saying that about 32% of STV's viewing comes from the Sky platform, so that is a significant amount of ad revenue that comes from being available via Sky. There are mutually beneficial deals to be



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done there and we are doing them. We have consistently done them and from our perspective that shows a market working effectively, not a market that is in need of regulatory intervention in our mind.

Q258 Deidre Brock: You would be in agreement with the Government's intention to make that a legal requirement, then, is that what you are saying?

Ali Law: We understand the Government's intention. We think that the market at the moment delivers that already. Our concern around what the Government may do in introducing something is that it skews the commercial negotiations that we currently have with the PSBs. Our perspective is that you have a situation where commercial deals are getting done, prominence is being granted, content is being made available. That does not for us feel like an area that is ripe for new regulation. We understand the objectives but we just think that they are being delivered as an outcome from commercial negotiations already.

Q259 Deidre Brock: Okay. Roku, the platform for your streaming service now, has questioned that entire principle of prominence rules as well. Do you think that is then indicating that antipathy to the whole notion of public service broadcasting prioritisation, then? Is that something that you have discussions with them about or is this something that you join forces with them on?

Ali Law: I cannot speak for Roku, and the Roku platform for Now we no longer actually sell the smart sticks that we had been collaborating with them on, so Now has evolved to a purely app-based proposition. As a result of that, we do not have the devices in the market that we previously did with Roku.

From our perspective, if you are a pure streamer, then your view on prominence is probably different. We as Sky operate as a platform and, therefore, we are trying to serve audiences with all of the content. Bear in mind that we strike content deals not only with the PSBs but also with the streamers as well. We have Netflix, Prime, Apple TV and Disney+ all available via Sky Q and via Sky Glass, our new TV as I was mentioning earlier. In all of those discussions we are having deep discussions about the way that we can integrate that content into our proposition to make it as easy as possible for customers to be able to find the content that they want. As a natural outcome of that, we are constantly thinking about how content is presented to people.

Q260 Deidre Brock: Mr Levy, I want to ask you a quick question on the back of some of the questions that the Chair had. You mentioned that editorial independence is enshrined in Sky News. I have to say that I agree; I think you have some terrific journalists. I like a lot of the news content from Sky, without question. Kay and James are terrific. Are the rules of editorial independence for Sky as rigorous, would you say, as those for the BBC? You mentioned the editorial board, which I think was set up with the Comcast takeover, and that any interference would be reported



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to it. Can you tell us, first, have there been instances of such interference that you could talk about now and what happened as a result? How are those board members ultimately selected and what actions can they take in those circumstances? There are a few questions there, sorry.

Jonathan Levy: My understanding is that the establishment of the editorial board was a statutory thing. I think it has legal power at the time as part of the takeover. The board meets quarterly, is mandated to meet quarterly. The head of Sky News, John Ryley, or his delegate if he was not around can call for a meeting of the editorial board if they feel that there has been some undue interference, editorial interference, that needs to be referred to it. That is the mechanism.

I don't know of any instances that have been referred to the editorial board during the coming up for four years that it has been in existence. I can check but I don't know of any. The board members were appointed at the start, and again I would need to go back and find out and let you know what the precise process was for appointing them. From my perspective, it feels very rigorous. As a senior journalist working within Sky News, I feel that our independence to make editorial choices, to decide what stories to cover and how to cover them is absolute.

Q261 **Deidre Brock:** I suppose I think of the instances of Fox News and the concerns there were about Sky News setting up a few years ago with the questions over commercial concerns about how news was presented and so on. I just feel that with the BBC people do see it as a public service broadcaster and, therefore, it perhaps is slightly more trusted. I just wondered if you feel you are approaching that point where your editorial independence is such that you will be able to present yourself as a trusted brand, if you like, to the UK and to the nations and regions of the UK.

Jonathan Levy: Absolutely. There are numerous Ofcom surveys that have put Sky News's trust levels at the top of all the broadcasters. I would say that it is only since 2018 and the takeover that Sky has had to do news. Prior to that it was a choice and Sky always invested in free-to-air news for most of its history. I think that there is an absolute commitment there and even though we are not a PSB, there is no greater public service, for me, than impartial, high-quality news. As I say, in surveys on trust in news services, Sky News often comes out on top, which I think vindicates the work we are doing there.

Q262 **Douglas Ross:** Mr Levy, could I come back to you? It is slightly away from our inquiry topic, which is why I did not want to ask the question while I was speaking to Mr Law. Since you are with us today, could you outline the clear challenges and pressures your team is under reporting from Ukraine and during that conflict? I think that it is an opportunity for us as a Committee to hear directly. You are in charge of newsgathering, both nationally and internationally, and I wonder just how you balance the safety of your crews and your reporters with being able to get vital information out of there to audiences here in the United Kingdom and



across the world.

Jonathan Levy: Sure. The first thing to say is that eyewitness reporting is absolutely vital, as far as we are concerned. In a situation like this, a story like this, where there are lots of competing narratives, eyewitness reporting is absolutely crucial. On-the-ground eyewitness reporting is absolutely key to what we do and at the heart of our international news proposition.

Our starting point is that we absolutely have to be there and witness what is going on to the extent we can. That has to be balanced, of course, with our absolute obligation to the welfare of all our teams working everywhere, and this is a particularly difficult story to cover in that respect, very difficult. Our journalists are extremely well trained in all aspects of conflict reporting. We make sure that in the makeup of the teams that we are putting into these situations there is a huge amount of experience of covering stories such as this, the likes of Alex Crawford, Stuart Ramsay, Alex Rossi and John Sparks. These are people who have been covering these types of stories for many years and understand what is required, but it is quite difficult. You will have seen that Stuart Ramsay's team ran into some difficulty two weeks ago today, so it is not without its risks. There is definitely a balance between being there and the safety and welfare of all our colleagues.

The other thing is that war is notoriously foggy and it is very difficult to know absolutely what is going on. There are very strong narratives on both sides and trying to pick through that and give our audiences an understanding of what is going on and what is correct and what the state of play is on the battlefield in particular is hard. We do our absolute best and we are constantly trying to verify all the information and all the pictures. I go back to where I started: the more we are on the ground, the more we can see for ourselves and the greater we can serve our audiences in showing them what is happening.

Q263 **Douglas Ross:** As viewers, we can see how vital that is but also, for us, it was terrible watching that Stuart Ramsay—the video of the team being ambushed and then targeted. How do you deal with that as someone in charge of putting teams out there and in terms of safety? Do you reach a point that, while it is vital to get this information out, there is a huge safety risk? I have never seen any footage like that and of course since then we have seen a US journalist actually killed. What process do you go through when incidents like this occur?

Jonathan Levy: We are constantly making an assessment whether it is sufficiently safe for the teams to be there. That cannot ever be an absolute judgment. It can only be based on our assessment of the conditions on the ground, and that is difficult. We always want to know as much as possible that the odds are very heavily stacked in our favour of staying safe while covering these things, based on the training, the understanding of the situation and the experience of the team. With the greatest of regret, it happens from time to time that journalists covering



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conflict get hurt or worse. That is an absolutely horrible occupational hazard of this kind of work.

However, we do everything we can to make sure our teams are protected against that eventuality, and even the situation that Stuart Ramsay and his team found themselves in—as horrific and unfortunate as it was—they still had the right equipment to protect them. There are many Ukrainian civilians who have been subject to similar ambushes who have not been as fortunate because they were not wearing body armour that would protect them. The team, as you can see from that footage, knew exactly what to do because they are experienced and they have been trained. They knew where to put themselves in the car to protect themselves best against fire. They knew how to get out, all that type of thing.

Even in that situation, which we hope they do not find themselves in, the training and the equipment that we have given them helped keep them safe and helped them come home.

Q264 Douglas Ross: Finally, I think the coverage across all channels has been outstanding and, clearly, those on the ground are passionate about what they are reporting. At what stage would you have to make a call? It is right that it is dominating the news coverage in February and March but if this goes on for months and potentially years, as we are looking at, you will still be getting crucial footage from the frontline but how do you then determine what domestic issues or other worldwide issues need to be reported as prominently?

Jonathan Levy: That is a really interesting question. There is huge appetite for this story at the moment. All news services are seeing massive increases in their audience numbers. It is clearly something that people want to know something about, so at the moment that is the indication that it deserves a lot of prominence. Over time, in all stories, you end up with a balance. You end up with the editorial decision-making process asserting itself, but it is absolutely important that while it is happening, we will continue to devote resources to covering it and telling our audiences what is going on.

Over time, the editorial forces will assert themselves a bit more and the people who are making programmes and editing the website and stuff will start making relative choices about importance, because I suspect, in some form or other, this story will go on for some time as you suggest.

Q265 Chair: Lastly from me and on the issue of news coverage in the Ukraine, what we have seen in the last few months is how the bringing of news has changed quite dramatically, even in the course of the past couple of years since the last conflict. We now have anchors in theatre and it brings home the drama of the situation. What do you think you have learned from the last few weeks of coverage about how you cover these sorts of conflicts and how you will plan that in the future?



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Jonathan Levy: This is quite a different conflict to ones in the past because this is a major conflict. It is an invasion. Rather than a communal war or war over disputed territory, it is one country invading another. The last time that probably happened in quite that way was in the Iraq war but that was a very different conflict, in that we tended to be either behind the lines of an invading army, embedded with an invading army, the US or UK forces. Our teams that were in, say, Baghdad awaiting that army's arrival had a good idea how that army was going to behave when it got there. This one is particularly difficult. We are not behind the lines on the whole of the Russian forces. We are in front of them and there is nothing to suggest that they will behave badly towards journalists when they arrive—if they arrive, it has to be said—but we don't know with the same confidence that we did when the American tanks rolled into Baghdad, so it is a complex, multidimensional decision-making, at the heart of which is telling people what is going on while trying to keep people safe. It is not straightforward.

Chair: Thank you for that. I think you could hear, from the questions and the responses of members of the Committee, the admiration and respect we have for your journalists in the very difficult job that they are doing bringing us the true information about the situation in Ukraine, so pass on our regards, certainly.

Thank you both ever so much. It was a fascinating session. You have significantly helped us in a better understanding of Sky's input to the broadcasting infrastructure of Scotland. If there is anything you could usefully contribute please get in touch. I think there are a couple of things from you, Mr Law, that you were going to help us with if you can. That would be excellent, but for just now thank you ever so much for your appearance at the Scottish Affairs Committee.

Examination of witnesses

Witnesses: Chris Bird, Georgia Brown, Benjamin King and Anne Mensah.

Q266 **Chair:** Thank you ever so much. This is session two and evidence today on public broadcasting in Scotland. Today we are joined by the streamers and we will let them introduce themselves. We will probably start with you, Mr Bird, because you are on the left.

Chris Bird: Thank you. Good afternoon. Thank you for inviting us. It is a great pleasure to be here. I am the general manager of the Prime Video business in the UK.

Georgia Brown: I am the head of European Originals for Amazon Studios, based in the UK.

Anne Mensah: I am the vice president for Original Series for Netflix UK.

Benjamin King: Hello. I am Benjamin King



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Chair: Excellent. We have you all, haven't we? Thank you ever so much for helping us. I do not think that any review or inquiry into the broadcasting infrastructure in Scotland would be complete without your huge audience numbers. Maybe you want to tell us a little bit about that and, as you are doing that, if you want to quantify the extent of your respective company's creative investments in Scotland. We will start with you, Ms Brown.

Georgia Brown: Absolutely. Thank you so much for having us here today. We are very excited to be talking to you about our contribution to the Scottish economic sector as well as, of course, the creative industries.

As many of you will know, in 2004 we set up our first distribution centre outside of North America. That distribution centre is now spread across 10 sites in Scotland and houses 2,500 employees. In the UK we have 70,000 employees and, since 2010, we have contributed £2.3 billion to the Scottish economic sector.

In specific relation to the creative industries, over the last 12 months we have contributed directly over 50 million into the creative industries, and that is across three shows that we are very proud to have shot and been currently shooting up there, and that includes "The Rig", "Good Omens" series 2 and "Anansi Boys".

Within that investment we are very proud; we have created over 750 jobs, 60% of those have been Scottish, and we have actually created 60 traineeships directly into those productions. On top of that, we are doing a lot of more longer term skills investment but we can probably come onto that a bit later in some more detail for you.

Q267 **Chair:** You have "The Rig", "Good Omens" and "Outlander".

Georgia Brown: Sadly, "Outlander" is not our own show. That is commissioned by Starz in the US. Prime Video was the home for that in the UK. It is a fantastic show and I think it showcases the beauty of Scotland in all of its glory, making it a very desirable place for lots of us to go and film.

Q268 **Chair:** It is just a spin-off for tourism. It is quite remarkable the amount of people who come to Scotland—even in my constituency—looking for some of the scenes from "Outlander".

Georgia Brown: The power of these shows is quite remarkable. We have the same thing, we filmed as many— Covid meant we had to pivot a few of our production plans and our show "The Grand Tour" was meant to be filming abroad, but of course we had to bring that back to the UK and we chose Scotland as the location. Andy Wilman the producer was very famously telling everyone about Scotland and its beauty and you can just see how majestic it is on screen, so we have had a great time in Scotland.

Q269 **Chair:** Netflix wants to pick that one up about your footprint, your



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investment into Scotland, and I am just going to list some of the things that you have done given that we did that for Amazon. We have “Outlaw King”, “The Crown”, “The Eurovision Song Contest”—that was Edinburgh, wasn’t it?

Anne Mensah: There are lots of things coming up. I don’t know if you know but I used to be the head of drama for BBC Scotland, so I used to live in Glasgow for five years and I love it in Glasgow. What is amazing is being able to know how brilliant the production sector is, how amazing the crew is, how brilliant the writers are. Working in Scotland for us is easy. It is a lovely place to work and, as you said, “The Crown” has been shot there and is shooting there again.

We are looking at a new version of “One Day”, written by the Scottish writer Nicole Taylor and obviously that that to be in Edinburgh. We have another cop show that we are shooting, which we have not—

Chair: I read that I wasn’t to mention that. I am glad that you did.

Anne Mensah: Yes. As Georgia was saying, not only is it an amazing location—and one of the things we hope is that we can help with tourism by bringing shows to Scotland but, actually, the crews are best in class and have always been so. We are trying to do the same, which is make sure that we are shooting in Scotland using Scottish talent but also investing in training.

We have been working with Women in Film and Television on a female producers’ mentee scheme, because it is not just about turning up, sometimes it is about making sure that we leave a good impression.

Benjamin King: If I might just add to that, “Outlaw King”—which I hope some of the members of the Committee have already seen—was one of our proudest moments in production terms in Scotland. It still is the largest feature film to have been made in Scotland to date. It was filmed across an extraordinary number of different locations, which we then worked on afterwards with Visit Scotland to promote. Also, I was delighted to be able to welcome 35 trainees onto that film, so it has had a considerable impact in terms of the knock-on effect in building up the crew base in those locations as well.

Anne Mensah: I do think it is always worth remembering that it is super important that we support Scottish crews and production companies, but also Scottish members, making sure that we have, as with “Outlander”, licensed programmes, like “Still Game” on the service. That actually matters. It is not just about what we do going forward but it is about how we support the material that has already been made and making it available for people to watch, so it is both an industry piece and it is a members’ piece.

Q270 **Chair:** Is there anything in particular in your thinking that might determine whether you may use Scottish locations or Scottish casts, and



is there anything in particular you would be looking at? Is the approach just going to be like trying to get distribution across the whole United Kingdom when you are looking at casting production and using particular locations?

Anne Mensah: Sometimes I think the material dictates the location. We are just shooting a show called “Half Bad” at the moment and being in Scotland is part of the story. Sometimes it is the best place to shoot because the locations are many and varied, the crews have experience of working on big productions, both feature films and television, so in a way there are lots and lots of reasons to work in Scotland. There is never just one.

Q271 **Chair:** I can see Ms Brown wants to answer that question, which I am more than happy to hear, but do you have any indication about the audience across the UK, how many subscribers may be from Scotland as a proportional share of your audience?

Georgia Brown: We don’t. I am afraid we do not share subscriber numbers. As you know, our model is slightly different in terms of the linear broadcasters and how we look at that but, no, we do not have that I am afraid to share with you today.

Benjamin King: The amount of data that we collect about our members is extremely limited. When they sign up we have their e-mail address and their payment details but we don’t know their specific location or anything else about them. Then we only record their viewing habits moving forwards.

I would draw the Committee’s attention to Ofcom’s “Media Nations” report into Scotland, which it published last year, in which I think it estimated that Netflix was in 55% of households in Scotland, but that is third party analysis and not based on our data.

Q272 **Chair:** I was looking at some of the increases in your subscriptions and viewing figures throughout the pandemic. It is quite impressive. There was an uplift of 71% year on year, and I am trying to think of the other figures that you could tell me all about. Did you feel that there was a big uplift in subscription figures and ratings when the pandemic was at its full peak, Ms Brown or Mr Bird?

Chris Bird: Absolutely. When people were at home all television services saw a huge rise in engagement and in interest, customers wanting to catch up on what was a great array of programming available and, also, as a distraction from the difficult times we were going through. That on our side of the business went hand in hand with an incredible challenge of going on to produce our shows.

I think we shut down eight shows in the process of the lockdown period, so balancing providing what was an increasingly important service to our customer base—where there was a huge scarcity and in many cases a total cessation of production—was something that we really had to work



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hard through for over 18 months. I am glad to say things are starting to get a little bit back to normal now. Our production space is much healthier and our customer base has evened out, in terms of customers going back to cinema, being able to watch movies externally and in general the audience participation and our content balancing out a little bit more.

Q273 **Chair:** I see that 60% of households in Scotland had a subscription video on demand service from companies such as Netflix, Amazon, Disney or Now. Is that a figure that you recognise and is that what you have in terms of—

Benjamin King: That is broadly accurate but I think the same report also notes that iPlayer is in 61% of homes as well, so they are comparable figures across the board for streaming services and the PSBs.

Chair: Excellent. Thank you. That is enough from me just now. I will hand over to my colleague Sally-Ann Hart.

Q274 **Sally-Ann Hart:** Good afternoon to our panel. I want to look a little at the collaboration and competition that you might have with public service broadcasters. The first question: in what ways does your company contribute to the public service broadcasting landscape in the UK? I will take Chris Bird first.

Chris Bird: Sure Yes. I think we have a very broad and dynamic relationship with the PSBs in the UK. First, we do co-produce television with them—which Georgia can absolutely give you some information about—but we are also a broad licensor of their catalogue of content. We have some 350 shows and films in the UK that originated with the PSBs but, more broadly, Prime Video is not just a SVOD service. We are a transactional service. We allow customers to rent or buy almost the entire back catalogue of PSB content that has been made available. We also offer a third party channel service, so Prime Video customers can also subscribe to SVOD services that are powered by the PSBs, such as BritBox or ITV Hub.

Then, internationally, our business in the US and Europe, Asia, and so on, is a large licensor of PSB content through BBC, ITV and Channel 4, and we are also working with BBC and ITV on expanding the footprint of the BritBox service internationally.

So, multifaceted interaction with the PSBs and we are certainly very proud of our relationship in co-producing with them.

Georgia Brown: Yes, just coming on from Chris's point, we have co-produced 25 shows with the PSBs to date; most recently "Chloe", which you may have seen going out on the BBC, and we have a really strong collaborative relationship when it comes to co-production. That number increases year on year. They continue to commission world-class hits that we think our audiences in specific territories or around the world would absolutely love to see, so we really enjoy that relationship with them.



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It is something where we think we can help share the burden of the financial costs when it comes to producing those shows. As you will know, our models are slightly different. They are just licensing that UK window and that doesn't fund the budget in its entirety, so we work with producers. It might be a combination of Amazon and a distributor or just Amazon coming in to try to top-up/fund that budget. We have a lot of different models that we work with but we really enjoy that relationship.

Q275 Sally-Ann Hart: Thank you. Ms Mensah, would you have anything different to add?

Anne Mensah: Probably not because I think, fundamentally, the idea is that it is not competition. It is collaboration I think in the UK. That is one of the brilliant things about working here is that most of us at some point or another have actually worked with the PSBs. I personally know the woman who runs drama in Scotland for the BBC, Gaynor Holmes, so if she has something that she wants to talk to me about she can just call me. We work very closely with Channel 4, with the BBC, with Channel 5, essentially whoever wants to work with us because the PSB channels in the UK are some of the best in the world.

Most recently, for instance, we worked with Piers Wenger at the BBC to launch a five-year initiative around disability, because we recognise that there is a space where disabled creators were not getting their voices through on mainstream television. By having that sort of partnership, we could take everything the BBC does so brilliantly and then elevate it to a global platform.

I never ever think of it as competition. I only ever think of it as collaboration because we are slightly doing different things and, ultimately, it is people in the UK who benefit from having multiple places to watch great content. If "Chloe" works brilliantly well for the BBC and then "Top Boy" works well for us when we launch it on Friday, that is just great. I think it is something to be applauded, and we want more material that comes from the UK out in the world because it can be best in class.

We often talk at Netflix around the idea that we believe that you can take stories from anywhere and take them to everywhere, so you think of Netflix as authentic stories coming out of the UK but on an international platform and whether that is something that I have thought of or something that has come out of Channel 4, you want to lean into that. You don't want to lean out of it.

Benjamin King: If I can quantify the scale of our relationship with the PSBs in the UK, between 2016 and 2020 we invested \$400 million in PSB originated content in the UK. That is a mixture of licence titles, and we have been especially one of the BBC's biggest customers over the last few years but then also on the co-production side, as Anne was saying, we have invested in over 100 different scripted and unscripted titles in recent years, so that is everything from things such as "The Serpent",



"Dracula", "Giri/Haji", obviously "Bodyguard" and "End of the F***ing World" on Channel 4, but also a number of productions in the unscripted space that often gets a little less attention in the discussion around co-productions but is equally meaningful and important. Shows, like "Glow Up" and "Nadiya Bakes", have also been co-productions where we have partnered with the PSBs.

It is really important to emphasise just how mutually beneficial that relationship is, not only in the sense that we are co-financing shows that the PSBs might not be able to make themselves but then the distribution of those shows to a global audience helps to then build renewed interest and attention when perhaps returning series come back and are premiered on a PSBs channel, as we have seen with "Peaky Blinders", for example.

At lots of levels the ways that we collaborate and work together are really reinforcing, mutually beneficial and underpin that sense that the creative landscape in the UK really is something of an ecosystem where there are quite complex interdependencies but actually a space for everyone to make an additive contribution.

Q276 Sally-Ann Hart: Thank you. Just going back to the primary commissions, we have figures for 2019, in 2019, public service broadcasters funded 77% of primary commission in the UK. It could be argued that, without that investment, it is unlikely that the production sector in the UK would be as strong as it is. Would you say that you are increasing your contribution to co-production? That is one question. The other one is: does your company benefit from the scale of the public service broadcasting in the UK? Would you be as successful if you did not have public service broadcasting, which has enormous worldwide respect and acknowledgement? Who wants to answer that question first?

Chris Bird: I would start by saying I think we are probably standing on the shoulders of giants here. The public service broadcasting we have in the UK is unequivocally the envy of the world. I have heard that first hand from many of our international partners who we work with. The infrastructure that has existed here for over 100 years in the UK has probably benefited not just all of our careers independently but all of the teams that we work with at our respective organisations. Cherishing, nurturing and improving that is not just our job; it is our responsibility also.

The investments that we are making in not just sustaining the infrastructure that we have but improving it over years, as we can tell you through the investments that we are making in skills, training, studio spaces, and so on, are to ensure that we just deliver some scale, some benefit and our ability to influence or improve what is already a fundamentally world class infrastructure.

Georgia Brown: With co-production, as I said, every year to date we are increasing the number of co-productions that we are doing, particularly



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with the BBC, which we have a fantastic relationship with, but it is really down to the BBC continuing to invest in world class content. It is undeniable. If you look last year at the top 10 shows I think seven of them are the BBC. The BBC is incredibly enviable in terms of the quality of the show it is producing and just the sheer scale of audience that it can drive and I see no reason for that to stop.

If the BBC continues to invest in fantastic shows the world will keep wanting to watch them. Whether that is investment through, as I said, someone like Amazon or the distributors or the other US broadcasters, people are very hungry to distribute that content around the world, as you said, because it is world class. It is synonymous with such a quality of brand that people want to watch those shows.

Sally-Ann Hart: Good to hear. Ms Mensah, do you have anything to add?

Anne Mensah: Just that I do also think that sometimes what we forget about the PSBs is their local nature, that actually you have people who are embedded in the culture that they are representing. That has tremendous value and it is not something that you would ever take lightly. We know that the world is hungry for stories that are truthful from the place that they are, exporting authenticity. One of our biggest successes at Netflix is "Squid Game". That is absolutely specifically Korean and you can say the same of many, many countries. The idea that you need to have a global show, that there needs to be a bit of something, everything, is no longer the case. I think the world is actually hungry for specificity and it is what makes it brilliant being a commissioner here because we can lean into that.

Sally-Ann Hart: Thank you, Mr King.

Benjamin King: I think it has all been said already. We are huge supporters of the PSBs and there is no doubt that one of the reasons that we chose to make a home for ourselves here is because of the contribution that they have made historically in building up the strength of the audio visual sector here. Outside of the US, the UK is our biggest locus for production. We spend over \$1 billion here a year in content. There is no question that we have the PSBs in part to thank for the reasons behind that sort of strategic decision to zero in on this market.

Q277 **Sally-Ann Hart:** Looking at the increase in your contribution, collaboration and co-production, to what extent do you consider that to be a level playing field between streamers and public service broadcasters in the UK? Do you think the level playing field is—obviously, there isn't one at the moment—levelling up a bit with the increase in co-production?

Georgia Brown: I think it is very hard to comment. Obviously, the PSBs are funded publicly, so of course they have different remits and different paths they have to follow where we don't. It is very hard because I think you are comparing apples and oranges, if I am being honest. What I



would say is, again, by the very virtue of the nature of the shows that they are producing and continue to produce, and the fact that they are willing to collaborate and willing to—not just on a programmatic level but as Anne said we are investing jointly in skills programmes, traineeships programmes—ultimately, I think we are all sat here as creatives wanting the greater good and to future proof the industry. From that sense, I think it feels like a very exciting time for PSBs as long as they continue to produce this incredible content.

Sally-Ann Hart: Thank you. Any further comment from anyone on that?

Q278 **Chair:** What would you feel if it ever came the day that the BBC licence fee was taken away and it became a subscription model? Would that present a major threat to either of your operations. Are you provisioned for that?

Georgia Brown: We really relish competition. Again, as someone who has not just worked at Amazon but across a multitude of different places in the UK, and many of my dear friends are in the production sector, competition is good. Encouraging investment into the UK industry is good. It is good for the consumer. It is good for our production sector. It is good for export. From where we are sitting, there are so many new entrants coming into the industry and it is really positive because it is making this a desirable place to be. It is increasing our export market and it is creating jobs, so from where we are sat it is very positive.

Q279 **Chair:** We even have a quote from Ms Mensah here where she says that the UK economy was “built on a number of different models from subscription through to licence. I would hate to see the BBC diminished in its impact in the UK”. In any further conversations about the licence fee—and we know that there is going to be quite an intense one—would you be supporting the BBC continuing on a licence-fee basis, given that you are a subscription service?

Anne Mensah: I think we would always be supportive of the BBC. The way that is regulated or paid for is ultimately for the BBC and the Government, but what we absolutely know is that the BBC’s contribution to the creative industries in the UK is a bedrock. It is like the cornerstone of everything that we have. That is why we seek to support rather than diminish it in any way because it adds—I do think there is an all boats rise moment here, where we can just have more great content out from the UK rather than worrying that one person brings down another person.

Q280 **Chair:** I should have said at the beginning, of course, congratulations with your win last night at the BAFTAs with “Power of the Dog”. Is that the first time ever for—

Anne Mensah: I cannot take any credit for it at all but I am really pleased that they won.

Chair: Is that the first time a streaming service has won a significant award like that? It cannot be, can it, but is the—



Anne Mensah: I should know that but I genuinely don't.

Benjamin King: At the BAFTAs or in general?

Anne Mensah: The BAFTAs.

Chair: At the BAFTAs, sorry. You think about two big ones, the Oscars and the BAFTAs.

Benjamin King: Obviously "Roma" won back in 2019. That was a breakthrough moment for us, but yes increasingly the streaming services are collecting more awards as the investment both in the content but also in the commissioning prowess begins to pay dividends.

Chair: It is a fantastic film. I kept on looking for the dog but it wasn't there. They haven't found it yet.

Q281 **Douglas Ross:** Good afternoon to our witnesses. Could I start with Mr Bird and Ms Brown? We spoke to the previous panel about sporting rights, and I think we will take some success as a Committee for hopefully getting future decisive Scotland internationals on free to air television. Clearly, Prime led the way with the Emma Raducanu US final match being shown on Channel 4. Could you tell us how that came about and what barriers you had to get through to deliver that? It was a very popular move obviously.

Chris Bird: Absolutely. I will start by saying, we are relatively nascent in sport. We have been carrying live tennis for around four seasons now with the ATP and the women's professional tour. Undoubtedly, the biggest event we have is the US Open. At the start of the US Open last summer, I don't think any of us could have forecast Emma's meteoric success coming through qualifying and doing so well.

I think, as the tournament progressed, we were very much aware that her support right across the UK was swelling and incredibly interesting and it was becoming a cultural moment. Therefore, we did start to consider, if she should make it to the final, how could we make sure that it was accessible to all UK television homes? It was very much a kind of last 48-hour decision, in that we knew when she won her semi-final on the Thursday evening that she would be in the final on Saturday evening, so we basically had Friday to work with partners.

We spoke to most of the PSBs. Channel 4 was extremely eager, extremely flexible, happy to clear the schedule on the Saturday evening and could work with our technological feed to take our uninterrupted US feed to show the match in its entirety. I think we very quickly worked with Channel 4 in a pragmatic, technical and commercial manner to get the feed into its schedule and delivered and it worked brilliantly. Saturday evening the entirety of the match was simulcast on Prime Video and on Channel 4.



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I think the peak audience was just over 9 million homes in the UK and obviously the rest is history. She went on to a meteoric and historic victory. I think it was a real moment in terms of British sport and massively so in women's tennis.

Q282 Douglas Ross: Were there challenges in delivering that? Apart from logistics and getting a partner, was there any push back higher up the chain saying, "We have people who presumably paid their subscriptions to watch that"?

Chris Bird: Absolutely, but I think, while it is critical that we serve those customers, and we absolutely did, we wanted to make sure that it wasn't a barrier to what was really a cultural moment in the country. Should we be in that situation again—hopefully, Emma will again, hopefully our other sporting investments will deliver such cultural moments—we will work to make sure there are ways in which we really have the breadth of audience that those events deserve.

Q283 Douglas Ross: Have you set a precedent now?

Chris Bird: It is hard to say because Emma's run was just something we had never seen before and the swell of support she had was unique. Would we like to see that happen again? Absolutely. Would we work to make sure that those types of events were available to all UK households? Yes, for sure. In that particular event, I should add, Channel 4 did pay us a fee to take that and we invested the entirety of that fee back into grassroots women's tennis in the UK. We have our fingers crossed that she repeats it again this year.

Q284 Douglas Ross: Your limited coverage of sport, is that just because it is a competitive field. Do you want to see that expanding and how difficult is it to get more coverage and more sports involved?

Chris Bird: It is a growing area for us. We have had tennis for around four seasons. We have had a limited package of the English Premier League, so far for the last three years. Over the last two years we have launched the Autumn Nation Series rugby matches. We were pleased to show all of the Scotland matches in that series live and we have been very pleased with the customer response and the customer uptake for that. We are showing lots of the Home Nations teams.

Specifically for the Welsh matches, for example, we have invested in simulcasting those both in English and in Welsh, so honouring the rich tradition of Welsh rugby being broadcast and commentated on in Welsh. We have continued that tradition.

We are trying to innovate. We are finding different ways to engage sports audiences and I think over the coming years you will see us grow and continue to innovate in that space.

Q285 Douglas Ross: On to Netflix: you were speaking about some of the series where certainly parts are filmed in Scotland. I always like to get a



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local Moray link, which is my constituency, and part of "The Crown" in the most recent series was filmed at Lossie Lighthouse and, indeed, many of the actors I think stayed at one of our local hotels while filming in Macduff. Do you do any analysis on the impact on local economies when you are filming in those areas?

Benjamin King: We haven't done any analysis in Scotland specifically but last year for the first time we did do that economic impact analysis in the south-west, because there had been a number of productions there in the recent months, not least "Bridgerton" and natural history programming and one or two features as well. We calculated that in aggregate the value of that to the economy was I think £134 million. I have no doubt that, as we invest more and more in the UK and do more production in the nations and regions, we will conduct similar exercises like that and hopefully we will be able to come to Scotland in due course as well.

Q286 **Douglas Ross:** Hopefully, you will have more productions there and then you can do the analysis and certainly get back to the Committee. We would be interested in that.

Can I check, Mr King, you say you have no idea where your customers are based? You just have their e-mail address?

Benjamin King: That is correct. We don't collect any information about location beyond obviously the country that they reside in.

Q287 **Douglas Ross:** That is the same with Amazon or is it?

Georgia Brown: Yes, I believe so.

Chris Bird: Prime members do give their home address because we obviously send out retail goods to them, but we don't necessarily connect the user of the accounts to the person who is actually watching the content.

Q288 **Douglas Ross:** Certainly, in Netflix's case you don't know where the person is. Do you know where it is being watched? Is there no way of knowing that in the north of Scotland they are watching "The Crown", in the borders they are watching something else?

Benjamin King: Obviously, you can look at the IP address.

Q289 **Douglas Ross:** You don't look at that specifically? You don't look to see which parts of the country are watching, if Scotland is different from England? Maybe Amazon does that.

Chris Bird: We don't do it as a reportable metric. We do look at anecdotal feedback. If we are streaming Scottish rugby matches, for example, we will look at the quality of the ratings, the quality of the reviews that customers are giving under the assumption that they are Scottish fans but, no, we do not have that level of specificity by IP.



Anne Mensah: We do off-service research with different communities to try to understand what people like and what they don't like, so while that might not be a, "We know you watch that and, therefore, we are asking you these questions" we do do the same sort of surveys that the BBC, ITV or Channel 4 would do every so often, just to make sure. I think, ultimately, our jobs are you might not love everything on the platform but we would love you to love something, so we are trying to connect with our UK membership to make sure that, ultimately, their connection to Netflix—and I am sure the same is true for Amazon—is because there is something on the service that they love.

Q290 **Douglas Ross:** Just on that point, how much is it getting one headline thing to get people bought in, to getting your subscription out and then hoping they stay? Is that a big model that you follow or do you try to give people as much as possible? For example, we got Amazon Prime to watch "Clarkson's Farm" and that was it, and then you stick with it and you look for other things.

Georgia Brown: I hope you will stick with it. There is lots more for you, I promise.

Douglas Ross: Yes, there is another series coming, more importantly. We are assuming you will have that.

Georgia Brown: We have a slightly different model. We are very curated, at Amazon, so we have very much gone for the approach that we want to be local for locals when we have set up locally. We have chosen to be in the UK. Our Spanish service is based in Spain and we are making a handful of shows a year because we want to give that white glove. We want to be very curated and we want to really innovate and try to push some boundaries. I think "The Rig" is a great example. In the previous decade spent in commercial television I was told, "Period doesn't work and no one wants that internationally, and you can't make anything which has different accents and dialects in" and what we are doing is totally pivoting. "Bridgerton" really showed everyone that wasn't true of historical and period.

I think "The Rig" will prove to the world that shows can go out that are hyperlocal: north of Inverness in a place that people probably will never have heard of with very Scottish accents, very thick accents. I don't think that is going to put people off viewing it. It is a really compelling story. For us, it is more about having a bespoke approach to each individual programme.

Chris Bird: We pride ourselves on our breadth of selection and being a personalised and curated service. Absolutely, when we launch "The Rig" later on, you won't be able to move in Scotland without seeing advertising for the availability of that show. We do hope that a swell of new customers come in to watch that but, once they have watched "The Rig", we hope they stay for "Clarkson's Farm". We hope they stay for "Good Omens". We hope they stay for "Everybody's Talking About Jamie"



and continue to enjoy the depth of selection and range of products we have.

Anne Mensah: It is always worth just contextualising. We are relatively young as a commissioning team in the UK. I am three years in. I was at Sky before and we now have a full range of factual entertainment, film and drama commissioners and comedy commissioners all in the UK, servicing the UK. That is a sort of three to four-year process and what we would hope is that we would have a regular drumbeat and cadence of UK-led local programming, but that it sits really comfortably with programming from all around the world because I would hate to think that, just because you are in a particular part of the UK, you wouldn't love a show from Australia, or you wouldn't love "Inventing Anna" from Shondaland.

Actually, that is the joy that sometimes you will see yourself and you will love seeing yourself on screen and sometimes you will love seeing somebody who is very, very different. That idea that streaming services can bring the world together in some ways and actually, again, that sort of idea of local programming but a global platform I think is tremendously exciting, particularly when you have this great talent, as you have in the UK, who can write the specificity of their own stories.

Q291 **Douglas Ross:** Finally, the Chair mentioned in his opening questions about an increase potentially at the start of the pandemic when people were at home. I saw some people saying they had watched everything on Netflix, which is clearly an exaggeration but are you now facing challenges with customers saying, "That was a luxury we had during the pandemic but now we are entering a cost of living crisis" and for many families they are already in it and it is a luxury they can no longer afford. Are you seeing a big drop-off at the moment?

Benjamin King: That is not something we have seen. I think we anticipated that a lot of the surge in take-up that we saw during covid was essentially pulling through subscribers that we might otherwise have acquired a little further down the line and they were joining sooner than we perhaps had anticipated in a pre-covid context. For that reason we expected that our growth would slow a little bit as a consequence coming out of the back of the pandemic because it had been front-loaded. In general, we have been very pleased to see that the effect of all the competition that we have in the UK market, and there is an extraordinary amount of choice available to UK audiences, is not negatively impacting our growth. I think that the content that we put on the service is sufficiently differentiated that if people subscribe to Netflix, it is because, as Anne was saying, there is a show on the service or shows on the service that they love and they are not going to give up their subscription lightly for that reason. Fundamentally, content is not substitutable in the way that other kinds of commodities might be.

Chris Bird: I largely agree, but we are in a period of unparalleled customer choice. There has never been a broader array of high-quality



film and television available anywhere in the world. We are only expecting that competition to increase, and I think content as a differentiator will be the determining factor, whether our services continue to grow or stall. It is all of our jobs to ensure that we continue to be customer focused, listen to our users and deliver them the best possible product that we can.

Q292 **Chair:** What other forms of content might you get into? Obviously Amazon has got into sport and it is documentaries with Netflix and the way you do documentaries are particularly interesting. "The Tinder Swindler" is one that comes to mind. Would you be looking at chat shows, news coverage, political programmes, more live events? Is it world domination that the streamers desire and want?

Anne Mensah: We have no plans to go into news, for instance. That is something that I think the PSBs in the UK do brilliantly well. We have expanded into games, but when you think about the competition it is always worth remembering the competition for streaming eyeballs is not just other television shows. People do loads of things. They play games, they watch YouTube, they read books. We are in a world where entertainment is brilliantly broad and people go to lots of different places to get it.

Q293 **Chair:** After your success with live sport, is live TV that something you have ambitions for, or have marked down to try again in the future?

Chris Bird: It is not a massive strategic priority for us at the moment. Live sports is key and we look to grow that and our sports documentary series, we have a fantastic series called "All or Nothing" we are shooting currently with Arsenal and will be launching that later on in the year. Certainly we are not looking to do more in live TV and similarly we are not looking to invest in news either.

Q294 **Deidre Brock:** It is really nice to hear the collaboration and co-operation between all of you and your commitment to improving production infrastructure in Scotland, your acknowledgement of the fact that the BBC has created a lot of that and your commitment to develop that further.

I had better mention my constituency, of course, because of "The Rig" and "Anansi Boys" being shot in the Big Blue studio in Leith. That has provided an enormous fillip for the many creatives who live in Leith and who can contribute to that. The investment in production and the fact that these big productions are now being made more often in Scotland means so many cast and crew members who have had to travel so far away from home to work are now not having to travel so far in order to work on high-class productions and that is important to them. I welcome that from you all.

I want to ask about your companies' views on the proposal from the UK Government to legally require public sector broadcasting content to be carried more prominently across the different listings. Maybe Mr Bird



first.

Chris Bird: Yes, sure. I will just disaggregate prominence between the Prime Video service and our Amazon-branded devices business. Georgia and I do not work for the devices division, so Fire TV, Fire Stick, Kindle, Kindle devices. Those devices have an app-based ecosystem where all of the PSB apps are available to download and I think if you look at Fire TV or Kindle you will see that iPlayer is certainly among the most downloaded television apps, but STV, ITV, and so on are all available.

Within the Prime Video service there is not really a requirement or a mandate for us to license or provide any PSB content in any window or library window, however we do and in the UK we currently have around 350 PSB-originated TV series in our catalogue. However, and if I may just give you an example, they are not always branded as PSB content. You might remember a few years ago a BBC show called "The Night Manager" with Tom Hiddleston and Hugh Laurie. That was commissioned by BBC One, but the show was made by Endeavor Content and BBC One had their first run broadcasted out on a Sunday evening. We bought the second window and the library rights from Endeavor Content and we published on our service about a year later. So "The Night Manager" is available on Prime Video right now, but it is not branded as a BBC title, however if you search for BBC content in our search and browse function you will see "The Night Manager" come up. So we have curatorially collected content, because we do not expect our customers to understand the intricacies of the commercial licensing business, but we enable shows that we know they might recognise as PSB content and putting them in that search and browse function so if customers do search for BBC or ITV content they will see that type of content surfaced.

We also create merchandising, carousels or placements on our site that focus on British content and PSB content so that it is easily distinguishable and easily findable through search and browse on our service.

Benjamin King: The proposals that I understand Government are considering at the moment to introduce a statutory obligation for prominence for the PSBs on demand players are a question for the platforms and other gatekeepers, rather than Netflix, because we are a service. To the extent that we are engaged in this debate it would be just to say that we hope that Government will move forward with a principles-based approach in this space and be mindful of what is in an audience's best interests as well, and not cut across all the investment that has happened in recent years around personalisation and improving the viewer experience.

More generally, as we have said before, we are very supportive of interventions that will help to secure the long-term sustainability of the PSBs and to the extent that prominence is able to deliver that—and it is an open question as to whether it will fundamentally change the trends



that we are seeing in viewing habits—we are broadly supportive of the intent and our position does not get any more nuanced than that.

In terms of prominence of PSB content within the Netflix service, much as Chris was just explaining we have a huge catalogue of PSB-originated content on our service. We have the watermarks of all the PSBs in the box art when you are browsing the content, so you can clearly see what is BBC, what is Channel 4 and so on, and then you can also use the search function on Netflix to look for BBC content and so on. We take a similar approach to prominence there to what Amazon does.

Deidre Brock: Did you want to say anything, Ms Mensah? No? Handled very ably by Mr King. I want to ask you one quick question and it is directed towards Netflix because it is about something that surprised me. Because you are based in the Netherlands you are not subject to regulation by Ofcom. Is that correct? What does that enable you to do, sitting outside that UK landscape, if I can describe it as that, that UK-based broadcasters cannot do?

Benjamin King: The short answer is not very much. We are regulated under the Audiovisual Media Services directive, like all of the OD services in the EU and the UK, and both Ofcom's regime for Video on Demand and the Netherlands regime were essentially born out of that same directive. They are not necessarily identical but they are broadly very similar. Because our company headquarters in Europe is in the Netherlands, under the requirements of the directive that means that our regulator is also the Dutch Media Authority and Ofcom was very clear around the time of Brexit that the UK's exit from the EU did not fundamentally change our regulatory status, and there was no requirement for us to notify our service to Ofcom in the short term. From what I understand Ofcom and the Dutch Media Authority have a very close and constructive working relationship and so were any issues to arise regarding our service in the UK I am sure that they would co-operate very closely on that. However, we are aware that this is something that Government are looking at as part of their plans for the forthcoming media White Paper and in the consultation that they held last autumn around the future of Video on Demand regulation we were very supportive of the proposal to potentially change the legislation to require services such as Netflix, which are available in the UK, to be locally regulated under Ofcom. We already have a very close working relationship ourselves with Ofcom, so we would be very comfortable with coming under their Video on Demand framework and I hope that they would feel the same way.

Deidre Brock: Again, thank you and quite reassuring to hear of the collaboration and co-operation that is going on and the investment that you are putting into Scottish production. It is very welcome indeed.

Q295 **Chair:** What would you expect to see with the coming media White Paper? We are told that the Communications Act 2003 is likely to be updated and all of that was done before streaming services were even thought of, far less winning Bafta awards for the best film. There is an



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expectation with what you are saying there, Mr King, that you would be included in any change to the regulation. Is that something you are all quite comfortable about and what would you expect to see as far as how that would extend to streaming services?

Benjamin King: I certainly do not have a crystal ball and I do not know yet what Government's intentions are. I think it is very understandable if they want to revisit the broader regulatory framework for broadcasting in the context of the significant extent to which the landscape has evolved since the Communications Act. It makes absolute sense that video on demand should be considered as a part of that. As I was just saying we would be very comfortable with being regulated by Ofcom. I think there is a broader debate around whether the current regulatory framework for video on demand is fit-for-purpose. We would argue that broadly it is, and the service that we provide as a VoD service is quite differentiated from a linear channel and so that differentiated approach in regulation can be explained and justified to a large extent. I hope that it would be more evolution than revolution but we look forward to having the debate with DCMS themselves.

Q296 **Chair:** You are headquartered in the UK, but you are not covered by Ofcom?

Georgia Brown: Yes we are; Amazon is regulated in the UK under VoD regulation. That was a very deliberate approach when we set our business up and it is fantastic to hear that Netflix wants to follow under that legislation with us. We also recognise the audio-visual regulatory framework does need updating. There has been a dramatic change in terms of how consumers are consuming their content. Between 2003 and now, there has been a lot of change and as with Netflix we have been working with Ofcom as part of that.

Q297 **Chair:** We will see what happens. I am sure we are all looking forward to that with great interest and excitement.

Lastly, on contribution to the creative economy in Scotland, I did not get a chance to ask Sky because we were running out of time, but there was one thing we wanted to ask and it was about the "Freelance Charter", which you have all signed up to, which is I believe to enable freelancers to get more involved and look out for everything from increasing resources to mental health. Can somebody describe and explain to me what this does or has achieved thus far to engage with freelancers in the wider creative economy?

Georgia Brown: I am not quite sure what you are specifically referring to, but I am going to comment on how we are interacting with freelancers in the production business. Of course it is a very transactional business, the production world, and I think that is where some of the challenges come when we are looking at long-term sustainability of skills and talent retention. What we have been doing is working with our freelancers to make sure that we are investing beyond just paying wages. During covid we invested heavily into mental health and wellbeing services and policies



that we are setting up on set to make sure that they have the most positive working environment, which is something that we can now offer. We are working very closely with all our freelancers to understand what it is that would make that environment better. The challenge of course is that production is very transactional and I am sure much like every producer in the UK we are finding a challenge in terms of freelancers moving on even before the end of production. It is a very challenging environment for us at the moment.

Q298 Chair: Excellent. I see in my notes anyway that Netflix contributed to this charter before its launch. Is that right?

Anne Mensah: We have almost uniquely in the UK, or in my experience anyway, we have a production HR team that covers all our productions and essentially means that our freelancers have a person to talk to and they also have access to mental health services. We start every production with a seminar that we call "Respect at Netflix" which is basically covering how we expect people to behave around bullying, around sexual harassment. By having an external team to our productions it means that people have somewhere to go. I take this absolutely hugely seriously. The tricky thing is that when you have a culture of people whose next job depends on how the people in their current job see them, they often have nowhere to turn and it is about making sure that people do have someone they can talk to, that they can ask the right questions of, that they can get support is important. Also we are doing a tremendous amount of work around diversity and our production HR team helps us in terms of making sure that our crews are diverse and that people within those crews have all of their needs, particularly looking at disability at the moment, making sure that those needs are looked after right up front. By leaning in we feel that we can make sure that people want to come and work with Netflix. That is my vision for Netflix studios, that it is a place that you choose to work in. If you are young you want to come to work with us because we have the coolest shows but when you are older and experienced you want to come to work because you know you are going to be treated fairly, you are going to be treated with respect, and if anything does go wrong, because people sometimes forget about that, you have somewhere to go. I feel very passionately about that.

Q299 Chair: I can sense that and thank you for that. I wanted to hear what it did and I think that explains it perfectly. Thank you. A couple of last questions. What is the future going to be for streaming services? Sky was very keen to describe Sky Glass which is a merged platform with streaming services. Is that where we are going to be? Is it all going to be merged into one—I was going to call it a blob, but let's call it a big screen instead? Is this the way we are going to be going, that Sky will in effect become Netflix, which will become a streaming service? You can get Netflix on Sky anyway as part of your subscription, so it all seems to be coming together and you all seem to get on very well together and work across a number of different programmes and content. Are we looking at



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all this coming together in some sort of package in the future?

Georgia Brown: It is challenging to say. I would not five years ago have said we would be where we are today, and I think if I knew where we would be in five years I would be a millionaire and planning a new life somewhere. What we are constantly focused on, rather than where this business is going, is what do the consumers want. What content do our audiences want? If we keep focusing on that and working backwards from that then I know that Amazon can provide entertainment that our customers are going to fall in love with, not just in the UK but around the world. Right now I think that is all we can focus on, because technology and the world are moving at a rate that is very hard to keep up with. Keeping your consumer at the heart of every decision that you are making is critical to us at the moment.

Q300 **Chair:** I have both your services and I love them both. You are a bit of a godsend to any Scottish MP who is stuck down in London. I am having to go from Sky to Amazon to Netflix and you come off the different apps. It is all going to come together, isn't it, at some point where you will just tick whatever programme you want and that will be it?

Anne Mensah: I agree with Georgia. If you could tell what the content aggregator was going to be in five years' time, we would probably invent it and make a ton of money. I do think that what you can guarantee is that the UK is going to be ahead of the game in storytelling. That is the fundamental thing, that we have always been ahead of the game and made some of the best, most innovative programmes in the world. My personal hope is that in five years' time that is accessible to all, so that you get more voices and more diversity in the people who get to tell stories. I think that is the direction of travel and then I think that you will love the shows so much you will not care how you have to find them.

Q301 **Chair:** Very lastly, more investment, more productions from Scotland, more Scottish content on your platforms? Is that what we have to look forward to?

Georgia Brown: Absolutely. As I have said we have just committed £10 million to skills, it is called the Prime Video Pathway. Part of that is a contribution setting up an academy with the NFTS, the National Film and Television School. The reason we were so attracted to them is because as you know they have a base in Glasgow, so we are hoping that it will have many applicants coming from Scotland. As we said earlier "The Rig" is one of our biggest investments. It is a hyperlocal Scottish show. I have no doubt that show is going to do very well for us, not just in the UK but globally and that we will be returning for more.

Benjamin King: We are training up to 1,000 trainees every year under our Grow Creative programme, which is the global Netflix skills programme and the UK iteration of that has been up and running for some time. That is a mixture of people that we are training in the classroom, sponsorships of organisations like the London Screen



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Academy, for example, but also a commitment to have trainees on all our scripted productions.

As I was saying earlier “Outlaw King” was a great example where we had 35 trainees. I am sure when “One Day” starts shooting in Scotland there will be trainees as part of that show.

Q302 **Chair:** What about investment into independents? When they were here they said without Netflix financing and resourcing things are really tough. You are the guys with the money. Are you going to invest into the independents and make sure that they are properly supported?

Anne Mensah: I think the best way we can do that is by working closely with them to commission them. I have been on the board of Scottish production companies like Blazing Griffin so I know how hard it can be, just the distance and so one of the reasons why—pre-pandemic but we will start again—is going up to Scotland so that people do not always have to come down to London, to make sure that you are properly engaged and making sure that you are listening. This cannot just be about London-based producers flying up. It must also be about Scottish-based producers making shows locally and using local crews. Like I said we are three years in so I cannot point to a thousand examples, but we have some good examples and I think we can continue to do better.

Chair: On that very positive note thank you very much. I knew this would be an interesting and fascinating session and it has turned out to be. We are grateful for you coming along to help us out with this inquiry again. I think there are a couple of things we have asked you to help us with further and it would be great to get that.