



Pete Wishart MP
House of Commons
London
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Dear Pete,

Thank you for inviting Sky to provide evidence to the Scottish Affairs Committee on Monday 14th March. My colleague Jonathan Levy and I welcomed the opportunity to update members on Sky's contribution to the public broadcasting landscape in Scotland.

As I was pleased to outline to the Committee, Sky is an integral part of the UK content sector and makes a substantial contribution to the UK's cultural economy. We have a significant footprint in Scotland and are committed to serving our Scottish customers and supporting Scotland's diverse broadcasting landscape in a number of ways:

- We are a major employer with more than 6000 staff based in Scotland, across a number of sites, including our sites in Livingstone, Dunfermline and Watermark.
- We work with Scottish production companies, promote Scottish talent and tell authentic Scottish stories that reflect customer demand, as demonstrated by our investment in high-quality content - such as upcoming Sky Original drama *Lockerbie*.
- We deliver world class coverage and investment across a wide range of sports in Scotland, from boxing and golf to the SPFL.
- The multi-award-winning and editorially independent Sky News operates a flexible model, which enables our talent to cover the most important stories of the day, irrespective of location. We have a proven track record of covering important stories in Scotland.
- We are key partners of the PSBs and help to drive and reinforce their objectives and values in a variety of ways. As an example, we recently struck a deal with STV for Sky Glass (our new streaming TV), which will bring their app to Scottish customers and make their non-PSB box sets available nationwide.

At Sky's evidence session on the 14th of March there were a number of questions raised by the Committee that I promised to address and expand on:

The impact of Covid-19

I was asked how many new subscribers Sky won during the pandemic, and what benefits that period brought for Sky.

The COVID-19 pandemic marked an unprecedented time for the nation and a very challenging time for our business, in line with the broadcast industry as a whole. Covid resulted in some significant challenges



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for us with pauses in sport and delays in production amongst others. We took decisive steps and brought in measures that ensured we supported our customers, our people and our partners in the right way. For example, we paused entirely Sky Business subscriptions for pubs and clubs while the nation went through lockdowns, and offered our customers the ability to pause their Sky Sports subscriptions until sporting fixtures resumed. Like all broadcasters, we also experienced significant pressure on advertising revenues with Q2 2020 figures 41.2% lower on a year-by-year basis.¹

These challenges had significant financial impacts for us, although we were able to retain 99% of our customers and 95% of sports customers in 2020, which reflects the breadth of our product and pricing options that we offer our customers and the strength of our wider offering.

Subscription cancellation

The Committee asked how many people called Sky with the intention of cancelling, and what percentage actually do so. I committed to explore what data we might be able to share.

Sky doesn't collect specific data around customer intentions, and wider data that we do hold on cancellations is commercially confidential and thus unable to be shared. But our customer service advisors will always work with Sky customers to find the right package that suits them. When customer circumstances change, the services they need from us may need to change accordingly. Whether it is upgrading, removing certain services from their packages or cancelling their contracts in full, there are a number of options available to all Sky subscribers and a variety of ways they can get in touch with us.

Across Sky Broadband, Sky TV and Sky Talk services we provide various ways for our customers to initiate the process of cancelling their subscriptions. Verified account holders can message a Sky expert online, call and talk to one of our customer service team, mail a Sky expert or write to us.

Sky News – editorial independence

Mr Levy was asked whether, in relation to Sky News, there have been any instances of editorial interference referred to the Editorial Board. He was also asked to comment on the precise process for appointing Board members

As part of the Comcast acquisition of Sky in 2018, Sky News was given guaranteed funding and guaranteed independence through its Editorial Board to enshrine its independence for the next 10 years.

We can confirm there have been no incidents of editorial interference by Sky/Comcast that have been reported to the Editorial Board. Additionally, the Board's activities, as they relate to Sky / Comcast's compliance with the Post Offer Undertakings (POUs) including overseeing Sky News' editorial independence, are reported annually and made publicly available.²

The POUs do not stipulate a specific process for appointing members of the Board, only requiring that its members should be truly independent and have the relevant expertise. Using that criteria, Head of News John Ryley, recommended four people - three with senior editorial experience and one with a financial background - who constitute the current Board.

¹ Comcast (2020) Comcast reports 2nd quarter 2020 results. *Comcast Corporation*. Available from: <https://www.cmcsa.com/news-releases/news-release-details/comcast-reports-2nd-quarter-2020-results> (accessed 30 March 2022).

² RNS announcements (2022) Sky - RNS Announcements. Available from: <https://www.skygroup.sky/investors/ms-announcements> (accessed 30 March 2022).

Sports rights

I was asked how much Sky pays for sports rights and for Scottish men's football, and again committed to exploring what was possible to share

Sky's contribution to sport in the UK is unparalleled. Over the last 12 years, we've invested £15 billion in sport – £3.5m every day. We have a deep and longstanding commitment to Scottish sport, including Scottish football. Sky is the exclusive home of the SPFL – our current 5-year deal represents our commitment to and investment in Scottish football and we remained a flexible and supportive partner of the league during the pandemic. We also hold the rights to Scotland men's football qualifying fixtures for the 2022 FIFA World Cup.

Notwithstanding press speculation at the time, the exact details of our deals for Scottish men's football are commercially sensitive. It is worth stressing, as I noted in my evidence session, that these rights were won in open tender processes (with the SPFL and UEFA respectively) that other broadcasters were also able to bid for. We believe that rights holders are best placed to decide the balance between availability and the vital revenue that pay-TV provides, and we've sought to make access easier than ever, for example providing highlights on our digital channels and contract free streaming via NOW.

I hope you found our participation and response to your queries informative and beneficial. Please don't hesitate to get back in touch with any additional questions.

Yours sincerely,



Ali Law

Director of Policy, Sky