

## Removal of wholesale ‘must offer’ obligation on Sky Ofcom

RPC rating: **validated**

### Description of proposal

Before the change covered in this assessment, Sky TV was required by the regulator to offer its sports channels (in particular Sky Sports 1 and Sky Sports 2) to other pay TV operators through a commercial wholesale arrangement. Following a review, Ofcom concluded that, the regulatory requirement was no longer necessary. One key factor in this decision was evidence regarding a series of commercially agreed deals that Sky had concluded with other major pay-TV retailers, outside the scope of the WMO. There is currently only one other operator – BT – which has not come to such an agreement with Sky.

### Impacts of proposal

In principle, Sky and other pay TV operators are affected by the decision to remove the regulatory requirement; in practice the regulator argues that the change will not affect existing business practices and will therefore have no impact. It draws upon evidence from its consultation to support this argument. It does not discuss familiarisation costs, but given the small number of businesses affected these are likely to round to zero.

### Quality of submission

As originally submitted, the impact assessment was not fit for purpose, because it did not explain clearly how Ofcom had considered the long-term development of the market after the requirement had been removed. The revised assessment includes a section setting out how Ofcom proposes to monitor the long-term development of the market (after the existing commercial arrangements, many of which are long-term, have ended) and to respond to emerging evidence. Ofcom also argues that, on the basis of the available evidence, it would not be justifiable or proportionate to maintain regulation just as the backstop to address a potential concern.

The revised assessment is also much more clearly expressed and – although it is less concise – operates well as a standalone document accessible to the lay reader.

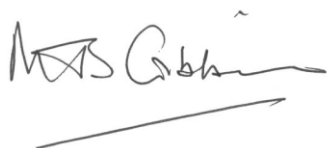
On the basis of the information provided by Ofcom, the RPC is able to validate the EANDCB and BIT score of zero.

### Departmental assessment

Classification	Qualifying regulatory provision
Equivalent annual net cost to business (EANCB)	£0.0 million
Business net present value	£0.0 million
Societal net present value	£0.0 million

### RPC assessment

Classification	Qualifying regulatory provision
EANCB – RPC validated <sup>1</sup>	£0.0 million
Business Impact Target (BIT) Score <sup>1</sup>	£0.0 million
Small and micro business assessment	Not required



**Michael Gibbons CBE**, Chairman

<sup>1</sup> For reporting purposes, the RPC validates EANDCB and BIT score figures to the nearest £100,000.