



## Craig Whittaker MP

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### **BBC Funding and Charter**

Thank you for contacting me about the BBC.

The Government currently has no plans to establish a committee or commission on the future of the licence fee.

I believe that the new Charter puts in place the right supporting framework to strengthen the BBC so that it will continue to thrive in a fast-changing media landscape and go on delivering the best possible service for licence fee payers.

The Charter overhauls how the BBC is governed, making it more accountable to the licence fee payer and strengthening its independence. It also focuses on high quality, distinctive content that serves all the communities who make up our common national identity. This lies at the heart of the BBC's overall core mission of informing, educating and entertaining.

This is an 11-year Charter which will separate future Charter Reviews from the political cycle, and, the Government argues, also provide long-term stability and independence for the BBC. This will be the third longest Charter in history.

Given the changes planned and the fast-paced media environment, there will be a 'health check' at mid-term of the Charter period to make sure things are working as they are supposed to.

Governance failures - including excessive severance payments and the costly Digital Media Initiative - have illustrated that the division of responsibilities between the BBC Executive and the BBC Trust is confusing and ineffective. As such, a new, strong unitary board for the BBC has been established.

The BBC receives £3.7 billion from the licence fee and it is essential that this is spent wisely. To help ensure this, the National Audit Office has become the BBC's financial auditor and will fully scrutinise the BBC's value for money record. The new BBC board will also be required to ensure that the BBC is transparent and efficient in its spending with those enjoying remuneration packages greater than £150,000 being identified in broad bands.

In April 2017, Ofcom became the external independent regulator of the BBC following recommendations by the independent review by Sir David Clementi. Ofcom is the widely respected and experienced media and telecommunications regulator.

The new BBC Board is responsible for governing the BBC, and Ofcom takes on the regulation of the BBC - the Charter and Agreement sets out the functions and obligations that they both must follow in order to deliver this.

The Charter increases the licence fee level in line with inflation for five years from 2017/18 so that the BBC can continue to provide high quality, distinctive content for all audiences. This means the BBC will remain one of the best-funded public service broadcasters in the world, receiving more than £18 billion from 2017-18 to 2021-22. The licence fee concession for over-75s will be protected until 2020, although voluntary payments will be allowed.

The licence fee has already been modernised to require all those who consume BBC on-demand content (e.g. on BBC iPlayer) to pay the licence fee and the BBC will introduce more flexible payment plans for paying the licence fee. The Charter also empowers the BBC to pilot some elements of subscription in addition to their current services.

The Charter also introduces a new regularised process for setting the licence fee. The Government argues that this gives the BBC the financial certainty it needs by setting the licence fee every five years. This will ensure that future licence fee settlements can be informed by independent advice for the benefit of licence fee payers.

The new BBC Board will be required to investigate issues relating to excessive management layers and overall staffing levels, which could deliver significant further efficiency savings.

The Charter opens the BBC's programme-making to greater competition by removing the in-house guarantee for all television content spending except news and news-related current affairs. This will provide hundreds of millions of pounds of new opportunities for the independent sector, help drive efficiency savings and provide new creative opportunities for the BBC.

Obligations for the BBC to consider both the negative and positive market impacts of its activities are set out in the charter. Ofcom must always keep these in mind when reviewing new and changed services. The BBC is obliged to work closely with others and to share its knowledge, research and expertise for wider public benefit. The Government want a BBC that is as open and transparent as possible.

Thank you again for taking the time to contact me.

Kind regards,

A handwritten signature in black ink, appearing to read 'Craig Whittaker', with a stylized flourish at the end.

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