



13 November 2020

The Rt Hon Oliver Dowden CBE MP
Secretary of State
Department for Digital, Culture, Media & Sport
100 Parliament Street
LONDON
SW1A 2BQ

Dear Oliver,

Thank you for your letter regarding the Licence Fee settlement which establishes a clear framework for how we can work together. We look forward to setting out the BBC's exciting vision for the second half of the Charter period. And we also welcome the Government's commitment to making sure this process is conducted in an open and transparent way.

Together our starting point is that the BBC must be universal providing great programmes and services to everyone. The importance we all place on the BBC being "for me" is key going forward. We must reflect the diversity of the audiences we serve and tell stories from across the UK. We are already thinking about the best ways to deliver value and support to the most vulnerable in society which includes the elderly and those on lower incomes.

Our renewed commitment to impartiality is critical. We remain the most trusted news provider in the UK and must convene public debates based on a wide range of opinion. We cannot and will not be complacent. The themes for the future that you draw out are important ones and reflect the challenges we face as an organisation. We look forward to ongoing discussions about these important issues with you, and our team will work closely with your officials over this period.

We are pleased that you recognise the important role that the BBC has played during Covid. Our mission to inform, educate and entertain audiences across the UK has never been more important. We remain the number one media provider in the UK. We reach 91% of adults who consume our services for 18 hours a week, and 80% of younger audiences. The challenge is to make sure we continue to offer great programmes and services for everyone.

As you know, we have substantially increased and improved our digital offer, and we will keep building on this. We have been a trailblazer for streaming services and delivering

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news online in the UK and global marketplace. BBC iPlayer received over 4 billion requests last year. BBC News Online peaked with a record-breaking 81 million UK browsers during the pandemic. The new BBC Sounds reached 3 million people and the BBC Bitesize enhanced Covid service received 5 million browsers in its first week.

Taking your themes in turn. First, we have made good progress in delivering our commercial plans despite the recent downturn. Our commercial businesses deliver significant value back to the public service. For BBC Studios, with a turn-over of £1.4 billion, we delivered returns to the BBC, which included dividends and investment in programming, at a record £276 million. Going forward, we are exploring exciting new opportunities and we will want to assess together the timescales and potential impact on the dividend to the public service. It may be that we need greater Government flexibility over how the BBC operates commercially.

Globally, we have built a BBC that is one of the most recognised UK brands in the world reaching almost 500 million people. During this period more audiences came to the BBC as a source of trusted, accurate and independent news in a world that faces more disinformation and complexity. We look forward to continuing discussions with you and the Foreign Secretary on our ambitious plans to transform the World Service to reach 1 billion people.

We have discussed that the UK creative sector thrives because of the mixture of public and private interventions. This is no accident. The BBC is a significant investor in the creative economy – generating £2 for every pound spent, working with more British producers, writers and actors than any other broadcaster. We now have more people and more spend outside of London than ever before. We will set out our plans on how the BBC can do more to stimulate the creative economy across the UK. We are also thinking carefully about how we deliver more value for audiences in all nations.

We agree that our role is to be distinctive with an audience offer rooted in great British content. We will set out how we will fulfil the BBC's mission and public purposes.

The BBC will also set out where additional investment could ensure we deliver further benefits to licence fee payers. The BBC will model for illustrative purposes flat cash as you set out and our plans will also show how we would expect to deliver the public purposes in the status quo scenario where we maintain investment in the BBC in real terms.

We will build on our track record of delivering savings. In terms of efficiency, we are in the top quartile of global media organisations. We will have delivered over £800 million in savings over the first half of the Charter. We will be clear where we think the BBC can make more savings.

cont/...3



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Our strategic priorities create a virtuous circle for reforming the BBC. Our commitment to deliver great value for all audiences is at the heart of what we do. We look forward to working with the Government to secure the right funding settlement for the BBC and its audiences at a time when our role for the UK has never been more important.

This letter is copied to the Chancellor of the Exchequer, the Minister of State for Media and Data and your Permanent Secretary.

Yours sincerely,

Handwritten signature of David Clementi in blue ink.

Sir David Clementi
Chairman

Handwritten signature of Tim Davie in blue ink.

Tim Davie
Director-General

