



Department for Culture Media & Sport

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CMS 268777/asg
9th July 2015

Dear Fiona,

Thank you for your letter of 8 July concerning the announcement I made to the House of Commons on Monday concerning the concessionary licences for the over-75s. I think it is important that I clarify the content of the agreement; most particularly, that this does not constitute a finalised licence fee settlement. We are in agreement on the point that final licence fee arrangements (including the proposed CPI link) are contingent upon the conclusions of the Charter Review, particularly in relation to the purposes and scope. Furthermore, the BBC will need to demonstrate that it is undertaking efficiency savings at least equivalent to those in other parts of the public sector.

As is also mentioned in your letter, and in advance of their publication, I am hereby sending through the draft terms of reference for the Charter Review for your consideration.

This week, I set out that my intention is to publish a consultation document (as referred to in these terms of reference) before the UK parliament's summer recess. As such, I would be most grateful for any comments you may have on the attached as soon as possible, and by no later than **14 July**.

This consultation, which will run for three months into the autumn, will be an important first step in delivering an open, consultative Charter Review process, and one on which I look forward to working with you.

Yours ever

John

Rt Hon John Whittingdale OBE MP
Secretary of State for Culture, Media and Sport



Draft Terms of Reference for Charter Review

Background

The BBC is currently governed by a Royal Charter and Framework Agreement which establish the BBC as a corporate entity. These documents also set the BBC's strategic remit, the framework within which the BBC must operate, the way in which it is funded and governed and its oversight and accountability. The Charter also provides a mechanism for securing the BBC's independence from the government of the day.

The BBC's current Royal Charter came into full effect on 1 January 2007 and expires on 31 December 2016. The Royal Charter and Framework Agreement are drawn up by Government and, as a result, Government will undertake a review of the way in which the BBC has discharged its mission, remit and purposes under the current Charter in order to make recommendations to the Secretary of State for Culture, Media and Sport for the future strategic direction of the BBC.

Scope of the review

Charter Review will consider:

- The scale and scope of the BBC's services and operations
 - Evidence will be sought on what the BBC does and how it does it including:
 - how well it delivers for its audiences, including those in the nations and regions
 - the services it provides
 - the way these services are delivered
 - how the BBC's content is produced.
- The way in which the BBC is funded
 - This will include:
 - representations on the current funding model
 - seeking views on alternative models including a household levy
- The BBC's governance and accountability models
 - This will seek views on:
 - the way in which the BBC Trust has operated over the period of the current Charter
 - alternative governance models
 - processes which ensure sufficient levels of transparency and accountability for the BBC

Charter Review process and timetable

Government's intention is to run the Charter Review process in as open, consultative and democratic a way as possible. To this end, it is intended that the public are given a number of opportunities to contribute to the discussion about the BBC's future.

- We will publish a Green Paper in July 2015 with interested parties invited to respond by mid-October.
- We will, in collaboration with the BBC Trust, run a series of seminars over the autumn inviting public and industry stakeholders to debate a series of Charter related issues. These will be held across the UK.
- We will publish a White Paper, by spring 2016, setting out Government's preferred direction for the future of the BBC.

The Secretary of State for Culture, Media and Sport will appoint an Advisory Panel of expert advisers to support him in his decision making through Charter Review.

A number of independent reviews, studies and research pieces will also be commissioned through the duration of the Charter Review covering those areas where specific technical expertise or advice which is independent from government is required. These will feed into the evidence base on which the Secretary of State will draw in setting the BBC's future remit.