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Director Wales  
Cyfarwyddwr Cymru

8 December 2020

Helen Mary Jones MS  
Chair, Culture Welsh Language & Communications Committee  
Welsh Parliament  
Cardiff Bay  
Cardiff  
CF99 1SN

Dear Helen,

Firstly, thank you for the constructive discussion we had recently regarding a number of broadcasting issues. I hope you found it to be helpful.

During our conversation, I promised to write to you setting out the factual position in respect of the Licence Fee renewal process as well as some of the key points for the BBC around the Ofcom Review of Public Service Broadcasting.

I am setting out below, therefore, some of the key points which your committee may find helpful by way of background information in its deliberations in the coming months. I hope you find this useful.

## **1. Licence Fee Settlement Process**

- On 10 November, the UK Government Culture Secretary formally started the process to agree the level of the television licence fee from 2022.
- The negotiations will determine how much a TV licence costs, and as a result how much public funding the BBC and S4C will get, for at least five years from April 2022.
- Culture Secretary Oliver Dowden has asked the BBC to set out its financial needs in line with its public purposes to inform his assessment of the appropriate level for the licence fee and to make sure it offers the best value for money for licence fee payers.
- DCMS has made it clear that it expects negotiations to have concluded by autumn 2021 to allow time for the necessary changes to be laid before the UK Parliament and be incorporated into the BBC's budget for 2022/23.

- In terms of process, the UK Government has said that it is committed to transparency over the process and timetable of negotiations with the BBC on the licence fee settlement.
- The licence fee model is guaranteed until the end of the BBC Charter period in 2027.
- The UK Government said that it continues to actively consider the responses to the public consultation on whether the criminal sanction remains appropriate for TV licence fee evasion. The UK Government has said that it will publish a response in due course.
- The BBC has welcomed the Licence Fee settlement process as an opportunity to set out the BBC's exciting vision for the second half of the Charter period. We also welcome the UK Government's commitment to making sure this process is conducted in an open and transparent way.
- The BBC has said that its starting point in this process will be its commitment to universality and will use the coming months to demonstrate how it intends to continue to provide great programmes and services to all. The BBC's contribution to reflecting the UK, as well as supporting the creative economies beyond London, will also be major themes. Finally, the BBC will also set out where additional investment could ensure we deliver further benefits to licence fee payers.

Further details, including the exchange of letters between DCMS and the BBC can be found here: <https://www.gov.uk/government/publications/letters-from-the-culture-secretary-to-the-bbc-and-s4c-on-the-2022-licence-fee-settlement>

## **2. Ofcom PSB Review**

As you know, Ofcom is currently reviewing Public Service Broadcasting or PSB in the UK.

The remit of the regulator's review considers how the positive outcomes of PSB might be assured for future audiences, within the current legislative framework as well as how PSB could be reimagined for the next decade and beyond.

The BBC has made it clear that in order to sustain and enhance investment in the UK's unique media ecology we need Ofcom to:

1. Support a universal, licence-fee funded BBC. The licence fee underpins universality and audiences know their licence fee funds the BBC. Ensuring funding at scale for an institution like the BBC is also the most efficient and effective way to ensure sustained investment in the production sector around the UK.
2. Recommend legislation to ensure PSB services like BBC iPlayer are included and prominent on all major platforms.
3. Recognise that BBC regulation needs to move into the digital age. We also think that Ofcom should have a new duty to take account of the public value created by the BBC and other PSBs.

4. Finally, Ofcom should update the listed events regime to cover the distribution of content on digital platforms.

Finally, I understand that my team is in discussions with your committee secretariat around a scrutiny session looking at the BBC's Annual Review and associated matters. We would, of course, be more than happy to discuss matters relating to the Licence Fee and the PSB Review as part of this session.

Kind regards,

A handwritten signature in black ink, appearing to read 'Rhodri Talfan Davies', with a long horizontal flourish extending to the right.

**Rhodri Talfan Davies**