

Rt Hon Karen Bradley MP
100 Parliament Street
SW1 2BQ

Sharon White
Chief Executive

27 July 2017

Dear Karen,

Thank you for your letter of 25 July about the draft Operating Licence and performance framework for the BBC.

In setting the new regulatory framework for the BBC, including the draft performance framework and Operating Licence, we consider that we are fully delivering on our functions under the Charter and Framework Agreement. The Charter and Agreement set out a clear distinction between the role of the new BBC Board in governing the BBC, and the role of Ofcom as the external regulator holding the BBC to account.

It is critical to the success of the new regime that this distinction does not become blurred: the new BBC Board should retain clear responsibility for setting the BBC's strategic direction and its budgets and for overseeing the BBC's overall editorial and creative approach, including oversight of commissioning and scheduling decisions. Ofcom's role is to provide and enforce a clear accountability framework. Once set, we expect that the operating licence will continue to evolve over time to reflect changes in the tastes and consumption habits of BBC users, wider developments in broadcasting markets and the BBC's performance over time.

The consultation document on the draft Operating Licence and framework published in March set out how we had approached the task overall, and the detailed rationale for the approach we have proposed on issues such as quota levels and distinctiveness. As it explains, our approach to proposing the regulatory conditions in the operating licence has been to propose retaining or amending any conditions previously imposed by the BBC Trust where we consider they help support the BBC in delivering the public purposes; and to propose imposing additional new conditions where we consider they ensure the BBC's delivery of the public purposes. We have retained most of the quantifiable conditions contained within the BBC's existing service licences.

In making these proposals, we have avoided regulation that duplicates or confuses the role of the new BBC Board or that interferes with the BBC's editorial decision-making. It is important for the regulatory regime to allow the BBC to exercise its creative discretion, innovate and take risks, within an overall framework of accountability. For this reason, our proposals focus on positive requirements around minimum levels of delivery by the BBC. Meeting these conditions alone would not guarantee the successful fulfilment of the BBC's mission and promotion of the public purposes; but we make clear that these are minimum, specified requirements for the BBC. In general, we propose increasing several existing

quotas in key areas where the BBC is performing at a level above current requirements and has been doing for some time.

Alongside our consultation, we have carried out extensive new research into the attitudes of audiences around the country to the BBC's distinctiveness, which we have published on our website. This research provides a rich and up-to-date evidence base on what audiences consider is most important to them, including on distinctiveness. We will take account of the findings in finalising the Licence and performance measures.

As you know, our consultation closed on 17 July, and we have received a wide range of responses from stakeholders, some echoing the points you make, others with different perspectives. We are considering all of the consultation responses we have received, and the BBC's interim Annual Plan, carefully, and we will set out the rationale for our final decisions, including on the issues that you raise in your letter, when we publish the final Licence and framework in September.

We are publishing all responses to our consultation, and so we intend to publish your letter and my reply alongside the accompanying letter from the Ofcom Chairman.

A handwritten signature in blue ink, appearing to be 'Sharon White', written in a cursive style.

Sharon White