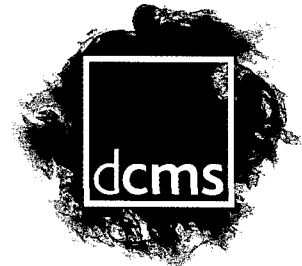


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Your Ref: 01093227
Our Ref: 126191

The Rt Hon Tessa Jowell MP
House of Commons
London
SW1A 0AA



department for
**culture, media
and sport**

November 2009

Dear Tessa,

Thank you for your letter of 12 October on behalf of a number of your constituents, about the idea of using a small fraction of the proceeds from the television licence fee in future to secure the survival of high quality news in the English regions and in Scotland, Wales and Northern Ireland.

This was contained in the Government's Digital Britain policy document published in June and you can access the full report at:
http://www.culture.gov.uk/what_we_do/broadcasting/5631.aspx.

The rapid changes taking place in broadcasting, including new technology, the decline in advertising and the shift in advertising from ITV to other channels and the internet are making the economics of providing regional news and news in the nations on ITV increasingly difficult. Some ITV regions have already merged news operations, closed studios and laid off editorial and production staff. The quality and localness of regional news on ITV has suffered. In the medium term regional news in England and news in Scotland, Wales and Northern Ireland will be lost completely from ITV unless we take action. The public have said in a number of recent surveys that they greatly value high quality local and regional news, believe it is important for the health of our democracy and would not want the BBC or anyone else to develop a monopoly in this area.

Currently 3.5% of money raised by the licence fee does not go to the BBC to spend on programmes but into a fund to help with the switchover from analogue to digital television transmission. This funds the scheme that provides equipment and practical advice to the elderly and some vulnerable groups and on the general communications and advice provided for the population as a whole. This arrangement was agreed with the BBC as part of the last licence fee settlement. There has been considerably less demand on this digital switchover scheme than was originally anticipated. So we are proposing to use the surplus from this fund to help with the development of good broadband connections for people who wouldn't



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otherwise have received them, to encourage people to take up broadband and to fund some pilots for regional news on ITV 1 between next year and 2012.

By 2012, digital switchover will be completed. Depending on the success of these regional news pilots, our intention would be to continue to use 3.5% of the money raised by the licence fee to help secure regional news on ITV 1 across the United Kingdom as a whole. This would be separate from and unrelated to the level of the licence fee and therefore of the money going to the BBC.

So, we are not talking about using funds that either now or in the future would be available to the BBC for programmes, nor would money be "handed over" to commercial broadcasters. The successful bidders for the new franchises – who may include existing companies, new companies or groups of news organisations – would have to meet strict criteria and they, not ITV, would receive the payment for providing the news. They would also be able to supplement their income from their contract with advertising revenue.

Although the Government agrees with the thrust of most of EDM 1891, it is important to note that the licence fee is the television licence fee rather than the BBC licence fee. It is not the case now that the BBC has exclusive rights to the income from it and the existing licence fee agreement between the Government and the BBC reflects this.

We believe that the proposal we have made is a fair, sensible, transparent and practical way of ensuring the survival of more than one provider in regional television news. But we have also said we are open to other suggestions of how this could be achieved.

We have also made clear we are completely committed to a strong, independent future for the BBC. Anyone who has experienced the broadcasting on offer in America or continental Europe will I am sure feel as grateful as I do for Britain's public service broadcasting tradition and the BBC. In my view it is the best broadcasting organisation in the world and one of Britain's most valued and respected institutions.

Like all successful organisations it will need to change and adapt, particularly in a world changing as rapidly as broadcasting.

I hope this is helpful.

Wish best wishes,



BEN BRADSHAW