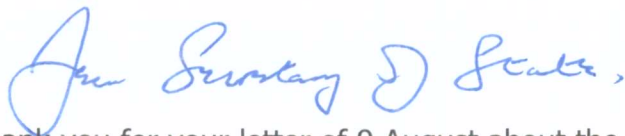


From the Chairman

The Rt Hon Jeremy Hunt MP
Secretary of State for Culture, the Olympics, Media & Sport
Department for Culture, Media & Sport
2-4 Cockspur Street
London SW1Y 5DH

24 August 2011



Thank you for your letter of 9 August about the wording of the Value for Money section of the amended Agreement between the Government and the BBC.


I am pleased that both you and the Comptroller and Auditor General feel that the arrangement proposed by the Trust can be made to work in practice. I understand the two points that you have made in your response and I am happy to accept the drafting clarifications that you suggest.

I am very happy to move quickly now to get a final arrangement in place, alongside the other amendments to the Agreement that follow on from last year's licence fee settlement. I understand it should now be possible to conclude this progress in September while Parliament is sitting and I hope we can get the arrangements in place to achieve that.

There are some minor drafting issues that I suggest we now leave to our respective lawyers to resolve. I have only one other policy point to make. Since the Agreement will now make clear that the list of value for money reviews in any year should include an indication of the timetable for those reviews, I think that it should also clarify that changes to the timetable should also be notified to the Trust, so that the relevant section would read as follows:

(5) If in the course of a calendar year, the CAG considers that there are exceptional reasons that justify an alteration of **the reviews or the timetable set out in** the list for that year sent to the Trust pursuant to paragraph (3), the CAG may, on any one or more of the relevant dates, send the Trust a revised list accompanied by a statement of those reasons.

If this clarification is acceptable to you, then I think we are now in a position to conclude the Agreement in line with your timetable and in a way that both increases the NAO's access and protects the BBC's independence.



Lord Patten of Barnes CH
Chairman