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Department  
for Culture  
Media & Sport

Secretary of State for Culture, Media and  
Sport  
4th Floor  
100 Parliament Street  
London SW1A 2BQ

Lord Hall  
Director General, BBC  
Broadcasting House  
Portland Place  
London W1A 1AA

3 July 2015

## ARRANGEMENTS FOR OVER-75s TV LICENCE CONCESSION FROM 2017/18

Dear Tony

As you know, the Government's priority is to provide the sound public finances upon which a strong economy, rising prosperity across the whole country and social justice depend. This Government inherited a challenging fiscal position and we're grateful the BBC has once again agreed to contribute to reductions in spending. The BBC's funding is to be streamlined, with the removal of the intra-Government payments for over-75s TV licences.

### *Funding arrangements*

The terms of our agreement are as follows:

- The BBC will take on the full cost of the over-75s TV licence concession.
- This will be phased in from 2018/19, with the full liability being met by the BBC from 2020/21.
- DWP will continue to make a transfer to the BBC during the phasing period, as set out in the table below.

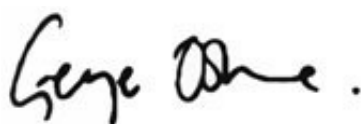
	2018/19	2019/20	2020/21
HMG transfer for free TV licences (£m)	468	247	0

In addition:

- The Government will bring forward legislation in the next year to modernise the licence fee to cover public service broadcast catch-up TV.
- The Government will reduce the broadband ringfence to £80m in 2017/18, £20m in 2018/19, £10m in 2019/20 and £0m in 2020/21.
- The BBC's grant to S4C may be reduced by an equivalent percentage reduction in funding to the percentage reduction made to BBC funding over the period 2018/19 - 2020/21. It will be up to the Government to decide how to make up the shortfall.
- The Government anticipates that the licence fee will rise in line with CPI over the next Charter Review period, subject to: (a) the conclusions of the Charter Review, in relation to the purposes and scope of the BBC; and, (b) the BBC demonstrating that it is undertaking efficiency savings at least equivalent to those in other parts of the public sector.
- The Government will consider carefully the case for decriminalisation in light of the Perry Report and the need for the BBC to be funded appropriately – no decision will be taken in advance of Charter Review.

The commitment made in the Conservative manifesto that all households with an over-75 year old will be eligible to a free TV licence will be honoured throughout this Parliament. At your request the BBC will take responsibility for this policy following that, and is of course able to ask for voluntary payment of the licence fee before that from over-75s.

We are copying this letter to the Chair of the BBC Trust.



GEORGE OSBORNE



JOHN WHITTINGDALE

