British Broadcasting Corporation
Broadcasting House, London W1A 1AA

Sir Geoffrey Clifton-Brown MP
Chair, Public Accounts Committee
via email

16 April 2026

Dear Sir Geoffrey

Thank you for your letter dated 16 March on the BBC's response to the Committee's report on the BBC Accounts and Trust Statement 2024-25. As Tim has now left the BBC, I am responding on behalf of the Corporation.

Recommendations 1b and 2c

The BBC is committed to maximising licence fee income and licences-in-force (LiF) while maintaining a fair, proportionate and trusted collection system. We share the Committee's objective of ensuring that those who pay for a licence have confidence that the system operates effectively and equitably.

We actively encourage No Licence Needed (NLN) declarations where households are legally entitled to make them. This is essential to the legitimacy of the system and supports public trust, while enabling collection activity to be targeted more efficiently. The NLN process is an operational mechanic used by TV Licensing (TVL), whereby TVL suspends communications with a household for a period of time – this reduces the cost of postage which has been a significant driver of the increased cost of collection over recent years. Alongside this, we have initiatives in place specifically designed to tackle evasion and protect licence fee revenue. We do not make these public as that would undermine their effectiveness.

For reasons set out in our previous response, we do not believe that headline targets for NLN declarations or evasion would improve income or the efficiency of our cost of collection. As confirmed by the NAO in their report, levels of both are influenced by factors beyond our direct control, including changing viewing habits and technology. Narrow targets also risk unintended consequences, such as discouraging legitimate declarations (which enable cost savings) or undermining public confidence. Instead, we focus on optimising LiF and income overall (supported by published income targets), contractual arrangements which support this objective, and continuous improvement in targeting and efficiency. We will continue to report extensively in the BBC Annual Report and Accounts on revenue and the number of LiF. Additional analysis of sales is presented in the Licence Fee Trust Statement, alongside reporting and commenting on the rate of evasion.

Modern viewing habits are making the boundary between Reach of Licensable Content (actual consumption of content that is licensable) and evasion harder to predict. Licence requirements have not kept pace with the complexities of the media market. We set out recently in our response to the Government's Green Paper on BBC Charter Review, and during our evidence session with your Committee, that we believe licence fee reform is necessary to address this complexity and change in the market.

The BBC remains committed to delivering a proportionate, appropriate and fair system and will continue to provide transparent reporting. I hope this provides reassurance that the BBC is actively addressing the Committee's concerns and would welcome further engagement as the Charter Review progresses.

Recommendations 3 and 4b

We note the Committee's request for the BBC Annual Report to further detail how we have maximised returns while managing cash reserves and debt limits and setting out progress in developing IP as a future revenue generating asset. We also note the view of the Committee and can assure you we will continue to reflect on methods we may employ to further increase transparency of our commercial reporting going forward.

In the meantime, the BBC is committed to transparency, including with regards to the information we can publish around our commercial businesses. For example, as acknowledged in your letter, we have taken on board the Committee's view and have reconfirmed our commitment to publish annually the returns generated by BBC Commercial in the BBC Annual Report and Accounts (ARA).

We are therefore committed to transparent reporting in line with accounting regulations and ARA best practice. The ARA already contains substantial disclosure on our commercial activities, and the Directors' Report provides detailed performance commentary. We are, however, conscious that the ARA is not designed to provide oversight of financial planning, or to provide a level of operational granularity that could undermine BBC Commercial's position in competitive markets.

In relation to setting out progress in developing IP, the Director-General in September referred to an aspiration to increase the BBC's ownership of Group IP rather than a formal external target or deadline. We would caution that formally reporting progress against IP targets is too narrow a metric for representing potential or actual value, particularly as IP is not a consistently defined term across the sector.

For example, the NAO report focused principally on IP generated by BBC Studios through new TV programming commissions. Under that definition, substantial drivers of recent commercial value and examples of the use of debt and reserves to drive growth, such as the acquisition of the 50% of BritBox owned by ITV to take full ownership and investing in the upcoming *Bluey* movie, would not be captured, despite both representing significant commercial value creation. Reporting solely against a narrowly defined IP target risks being reductionist and would not provide a complete picture of how BBC Commercial delivers value back to the BBC.

For these reasons, while we will continue to report transparently in the ARA in line with best practice, we do not propose to add a separate IP target line item. Instead, the ARA will continue to set out, in narrative and financial reporting, the BBC's approach to generating sustainable commercial returns, including how we manage resources and risk.

I hope this is a useful update and please do not hesitate to get back in touch should you have any further questions.

Yours sincerely,

Leigh Tavaziva
Chief Operating Officer, BBC