

27th May 2007

Dear Gerry,

ACAS Talks

I am writing to confirm the BBC's position following today's meeting at ACAS. We have listened carefully to the trades unions' concerns and in response we have made a number of commitments and assurances on all the issues you have raised.

As you are aware, this is as far as we are able to go on the issues we have been discussing. Given the co-ordinated industrial action the BBC is facing, the commitments and assurances contained in this letter must be seen as a package and the movement that the BBC has made is conditional on the suspension of industrial action already announced; the unions' co-operation over immediate trawls for voluntary redundancies and preference exercises; and agreement to proceed to Divisional Level meetings to start the formal consultation process as contained within Agreed Statement G5A. Some of these conditions are explained in more detail later in this letter. If the joint unions reject these conditions, the package of commitments and assurances will be withdrawn by the BBC.

RESOURCES LTD

The Commercial Review in December concluded that it was not essential for Resources Ltd to be fully owned by the BBC and indeed full ownership may not be in the best interests of the company or those who work in it. Since then there have been many rumours about what may or may not be happening. The BBC can confirm that it is still assessing the impact on in-house demand of the possible move to Manchester, the impact of the Divisional vfm plans and extra work that will come from new investment money. To give the Resources Ltd staff clarity about the timescale, the BBC can confirm that it will not sell Resources Ltd (in whole or part) before 1 June 2007 and that any sale process would not start before 1 January 2007. The BBC gives a commitment that no sale (in whole or in part) would take place without proper consultation with BECTU.

The BBC recognises that pension arrangements, job security and existing terms and conditions are key issues for Resources Ltd and these will be a priority consideration in any commercial negotiations with potential new owners. As with previous sales and outsourcings, the BBC will use its best endeavours through the commercial process to secure a broadly comparable pension scheme and guarantees around terms and conditions of service. People issues will be a priority and there will be full consultation with BECTU.

The BBC can also confirm that any future sale of Resources Ltd would not include the Costume and Wigs Store. The BBC has decided to retain this store in-house and these staff will shortly transfer back into the BBC to become part of the BBC's archive department. (Part of Rights and Business Affairs).

BROADCAST LTD

The BBC has said throughout the BBCB sale process that people issues are a priority and this has been the case. We are now down to the shortlist stage. We can confirm that all the short listed bidders have bid on the basis of providing a broadly comparable defined benefit pension scheme and on the basis that existing staff will be transferred as if TUPE will apply, regardless of whether it actually does. All the bidders are aware of BECTU's demands. The unions will have the opportunity to express their demands directly to the shortlisted bidders on 10th June before the bidders have submitted their 'best and final offer'. We fully expect the bidders to respond to BECTU's claim as part of the commercial negotiations. We want to achieve the best deal for licence payers, the best deal for the BBC, the best deal for BBCB and the best deal for the staff. It is a competitive process and we believe we get the best deal for all parties by making the BECTU demands part of the commercial process.

VFM DIVISIONAL PLANS : COMPULSORY REDUNDANCIES

At the national level meeting on 12 April, Mark Thompson offered an alternative to the joint unions' demand for a 90 day moratorium, which would have meant that nobody would be forced to leave the BBC on grounds of compulsory redundancy before the end of November 2005.

In order to allow more time for detailed talks and for a voluntary process to have maximum effect, we are prepared to make the following commitment - no one would leave the BBC on the grounds of compulsory redundancy until 1 July 2006 except where the BBC can agree, subject to operational needs, an earlier release date requested by an individual . This is subject to the joint unions agreeing to the following conditions:

- That all industrial action is suspended and the unions enter into immediate formal consultation, at the Divisional level, on the Divisional vfm plans;
- The BBC can immediately begin divisional/ business unit trawls for volunteers and preference exercises as appropriate and that we can release volunteers as soon as possible subject to operational need. In terms of timing, we would wish to start trawls/preference exercises in the next 1- 4 weeks, where we consider possible, and to share the outcome with the unions at the Divisional level.
- Where the proposed changes cannot be achieved through voluntary means alone, selection for retention exercises etc are undertaken so that the period to end of June 2006 also includes any 5/6month redeployment periods and contractual notice periods.
- The unions agree to start to consult or negotiate, as appropriate, over the West Midlands pilot of Local TV and other initiatives contained within the Divisional plans.

- The BBC gives a commitment that Agreed Statement G5A would apply throughout.
- In the event of a failure to agree being registered at the Divisional level the matter can be referred to the National level.

The BBC believes that the quicker it can start the trawls and release funds, the sooner it can reinvest and offer new redeployment opportunities. The BBC's overall strategy is to put more money into programmes and services. The BBC recognises that, if the unions co-operate and it is possible to achieve our proposed savings plan promptly and start to reinvest in new programmes and services, there may be opportunities to create some new posts in year 3 which in turn could mitigate the year 3 planned post reductions. The BBC is therefore happy to review, at the Divisional level, its proposed year 3 post closures during year 2 to see what progress has been made and what mitigation may be possible. For example, if we can proceed quickly with the West Midlands local TV pilot and it is a success, and then accelerate the implementation of local TV, this new service may provide very real redeployment opportunities.

We both have a vested interest in mitigation and phasing the reinvestment to try to avoid any 'revolving door' syndrome.

The BBC regrets that it cannot realistically make a blanket commitment that there will be no compulsory redundancies given the scale and scope of all the Divisional change plans. However, as with all previous restructurings etc, the BBC has implemented, it wants to work with the unions to avoid compulsory redundancies wherever possible.

BBC OUTSOURCING COMMITMENTS

Each outsourcing proposal has to be taken on its merits. The BBC can give an assurance that we will always use our best endeavours to secure the best deal for the licence fee payer, the BBC and for the transferring staff. We know that people issues, such as pension, job security and terms and conditions, are a concern and we have always made these a key issue in any commercial negotiations. In each of these cases the unions will be fully involved in the process.

WORLD SERVICE

As we have previously confirmed, both Monitoring and World Service are in a parallel review process but their plans are subject to BBC Board of Governors and FCO agreement. We are still awaiting the outcome of the Cabinet Review of Monitoring. We have to work to the FCO's timetable which may mean that there will not be any announcements regarding World Service until mid/late July - but this could be delayed until after the summer recess. The BBC gives a commitment that the compulsory redundancy commitment of 1 July 2006 would also apply to World Service and Monitoring staff. Additionally, the Director General will recommend to

the FCO and the BBC Governors and any other party with an approval responsibility, that the overall length of the timescale prior to any compulsory redundancies is the same length as the timescale for the other BBC vfm plans.

As outlined above, we have sought, where possible, to address your concerns. We believe that our proposals represent genuine movement, offer real commitments and assurances and that this package is a fair and reasonable one given the challenges the BBC faces. We hope you will put this offer to your members and that we can work together to achieve the best possible outcomes for the BBC, our audiences and staff.

This letter has been sent to all three recognised trades unions.

Stephen Dando
Director, BBC People