



DEBATE PACK

Number CDP-2017-0172, 12 October 2017

E-petitions 170931 and 200239 relating to the TV Licence fee

Westminster Hall, Monday 20 November 2017

A Westminster Hall debate on E-petitions 170931 and 200239, both relating to the TV Licence fee, is scheduled for Monday 20 November 2017. The Member leading the debate is Helen Jones MP, Chair of the Petitions Committee.

[Petition and Government response: 170931](#)

[Petition and Government response: 200239](#)

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1. Introduction

1.1 What does the law say?

The relevant legislation is the *Communications Act 2003*, section 363 of which states:

- (1) A television receiver must not be installed or used unless the installation and use of the receiver is authorised by a licence under this Part.
- (2) A person who installs or uses a television receiver in contravention of subsection (1) is guilty of an offence.
- (3) A person with a television receiver in his possession or under his control who-
 - (a) intends to install or use it in contravention of subsection (1), or
 - (b) knows, or has reasonable grounds for believing, that another person intends to install or use it in contravention of that subsection, is guilty of an offence...

What constitutes “use” of a television is defined in section 368(3):

- (3) References in this Part to using a television receiver are references to using it for—
 - (a) receiving all or any part of any television programme, or
 - (b) receiving all or any part of a programme included in an on-demand programme service which is provided by the BBC

The Act is supported by the *Communications (Television Licensing) Regulations* (SI 2004/692) (as amended). These define a “television receiver” as:

- (...) any apparatus installed or used for the purpose of receiving (whether by means of wireless telegraphy or otherwise) -
- (a) any television programme service, or
 - (b) an on-demand programme service which is provided by the BBC,
- whether or not the apparatus is installed or used for any other purpose.

The Regulations also set out the various types of television licence, the criteria for obtaining them, the fees payable, and the different concessions available (including for people who are blind, people who are aged over 74 years, and people who live in residential care). The TV Licensing [website](#) gives further information on these areas.

A standard colour TV licence costs £147. Various payment options are available.¹

The maximum fine for not having a licence is £1,000.²

1.2 Licence fee revenue

The TV licence fee is the main component of the BBC's funding. Total licence fee income for 2016/17 was £3,787 million, a 1.2% increase on the previous year. According to the BBC's [annual report](#) for 2016/17, the increase was due to a combination of factors, including the closure of the iPlayer loophole³, household growth and improvements in collection.⁴

A January 2017 National Audit Office [report](#) estimated the cost of licence fee evasion to be between £251m and £291m in 2015-16.⁵

1.3 Petition 170931 calling for the abolition of the licence fee

A [petition](#) calling for the licence fee to be abolished received 125,958 signatures. The petition closed on 3 May 2017. It was due to be debated in Parliament on 8 May 2017 but this was postponed because of the General Election. The petition will now be debated on 20 November 2017.

In [response](#) to the petition, the Government has said: "A licence is required in order to watch all live or nearly-live television content on any device in the UK or to stream or download any programmes in an on-demand programme service provided by the BBC". The full Government response is reproduced below:

A licence is required in order to watch all live or nearly-live television content on any device in the UK or to stream or download any programmes in an on-demand programme service provided by the BBC.

The BBC Charter Review, which commenced in 2015, was one of the biggest consultation exercises the government has undertaken. We listened to views of the public and industry (including 192,000 consultation responses), set out detailed policy proposals in the White Paper in May 2016, and worked closely and collaboratively with the BBC and Ofcom to negotiate the new Charter and Framework Agreement.

Throughout the Charter Review, the Government considered the question of funding the BBC's services, and decided that the licence fee system will be maintained for the coming Charter period.

In maintaining the licence fee model, the government is clear that the licence fee remains a licence to watch or receive television

¹ TV Licensing website, [Pay for your TV licence](#)

² *Communications Act 2003* s363(4)

³ Through the *Communications (Television Licensing) (Amendment) Regulations 2016* (SI 2016/704)

⁴ P49

⁵ P4

programmes, and is not a fee for BBC services – although licence fee revenue is used to fund the BBC and other public service objectives.

While no system of funding meets all the criteria of an ideal funding system, the current system provides the BBC with a sustainable core income paid by all households who watch or receive television, and it commands wider public support than any alternative model. As stated above, revenue from the TV licence fee is also used to fund other services such as Welsh broadcaster S4C and infrastructure projects such as the delivery of superfast broadband.

In line with the recommendations of the TV Licence Fee Enforcement Review, while the current licence fee collection system is in operation, the current system of criminal deterrence and prosecution should be maintained. Whilst the government agrees with the review's assessment that decriminalisation is not possible under the current system, we believe that it would be preferable in the long term to make changes which reduce the necessity of the criminal sanction, such as exploring the options for conditional access.

The TV licence fee has been frozen since 2010, and the government has agreed to increase the fee in line with inflation for the next five years. However, the government also intends to help those on lower incomes by making the licence fee easier to pay through proposals to provide more flexible payment plans.

1.4 Petition 200239 calling for abolition of the licence fee

A [petition](#) calling for the licence fee to be abolished has received 12,731 signatures at 15 November 2017. The petition will close on 15 March 2018 and will be debated on 20 November 2017.

In [response](#) to the petition, the Government has said: "A licence is required to watch or receive television programmes and is not a fee for BBC services. The government will maintain the BBC funding model for the duration of this Charter period". The full Government response is reproduced below:

The new BBC Royal Charter came into effect in January 2017, following the Charter Review process, which was one of the biggest consultation exercises undertaken by government. This extensive process of consultation and evidence gathering included 192,000 consultation responses and engagement with over 300 organisations and experts.

We considered the question of funding during the BBC Charter Review process. While no funding model meets all the criteria of an ideal system, the current model provides the BBC with a sustainable core income paid by all households that watch or receive television. This model also has wider public support than any alternative - 60% of consultation responses indicated that no change was needed to the current licence fee model, and only 3% favoured full subscription funding. That is why we have committed to maintain the licence fee funding model for the BBC for the duration of this new 11 year Charter period.

The BBC has committed to consider whether elements of subscription have a role to play in its future funding, alongside the

core licence fee model. It is for the BBC to set the scope of these plans, but the government expects that progress and success will be appropriately reviewed, to feed into the next Charter Review process.

1.5 Alternatives to the licence fee

In February 2015, the Culture, Media and Sport Committee published a [report](#) on the future of the BBC.⁶ Chapter 6 looked at the funding of the BBC and the future of the licence fee. This began by noting that some people see the licence fee as “anachronistic given the changes in communications and media technology and services over the last decade” and that some “dislike paying for a service they use seldom or not at all”.⁷

According to the Committee, the advantages of the licence fee are as follows:

- Simple and straightforward
- Secure and more predictable source of income which allows for long-term planning
- Meant in theory to maintain the BBC’s independence from commercial and political considerations
- Allows the BBC sufficient income to benefit from economies of scale
- Universality—where BBC’s services are available on a free-at-the-point-of-use basis
- The charge is associated in people’s minds with paying for BBC services

The disadvantages are:

- It is regressive—all pay the same regardless of income or size of household
- No choice: it is compulsory for TV homes that do not use BBC services
- Expensive to collect
- 5.5% evasion rate⁸

Alternative mechanisms for funding the BBC include advertising and sponsorship, subscription, general taxation, or a mix of some or all of these. Public broadcasters in other countries are funded by a

⁶ Culture, Media and Sport Committee, [Future of the BBC](#), HC 315 2014-15, February 2015

⁷ Ibid, p70, 71

⁸ Ibid, p71 (footnotes removed)

combination of licence fee or taxation and advertising (e.g. France, Germany and the Netherlands). The Committee looked at the alternatives before concluding:

There currently appears to be no better alternative for funding the BBC in the near term other than a hypothecated tax or the licence fee. However, the principle of the licence fee in its current form is becoming harder and harder to sustain given changes in communications and media technology and services, and changing audience needs and behaviours. Given this is the case, we do not see a long-term future for the licence fee in its current form.

We believe that the forthcoming round of Charter Review should not rush profound changes such as the abolition of the licence fee model but the BBC must prepare for the possibility of a change in the 2020s...

We conclude that a degree of subscription could be a possibility in the future if the BBC moved to a more personalised service and this could be in accordance with Lord Hall's vision for personalisation of BBC content consumption. However, careful thought would need to be given as to what content should remain universally available and free-to-air, and how this should be funded, protected from inappropriate influence and delivered to the public.⁹

⁹ Ibid, p76

2. Press articles and blogs

Cable.co.uk

[BBC Charter Review: new study reveals startling lack of public support for BBC in current form](#)

6 September 2017

inform itv (Informing internet television and video)

[BBC passes 10 million registered users](#)

6 September 2017

BBC blog

[Helping Vulnerable Customers](#)

5 September 2017

Guardian

[UK TV industry risks losing £1bn a year to Amazon, YouTube and Facebook](#)

27 August 2017

Financial Times

[The BBC faces down the digital disrupters](#)

21 July 2017

BBC blog

[TV Licensing Annual Review 2016/17](#)

19 July 2017

Guardian

[Some over-75s could lose free TV licences under BBC proposal](#)

22 May 2017

Independent

[Pensioners could 'lose free TV licences' under new proposals](#)

21 May 2017

Spectator

[There's a simple way of dealing with the BBC's TV licence bullies](#)

2 March 2017

Radio Times

[BBC boss: the licence fee is here to stay](#)

23 November 2016

Telegraph

[Our new Charter will make sure the BBC thrives for years to come:
Karen Bradley](#)

14 September 2016

Financial Times

[BBC to close iPlayer licence fee loophole](#)

1 August 2016

BBC news

[BBC may ask over-75s to give up free TV licence](#)

25 January 2016

Financial Times

[BBC agrees new funding deal with government](#)

6 July 2015

BBC blog

[Why the licence fee is the best way to fund the BBC](#)

14 July 2014

3. Parliamentary Business

[Free TV Licences: Over-75s](#)

Oral questions, HC Deb 29 June 2017 c713-4

[Digital Economy Bill](#)

HL Deb 27 April 2017 c1486-506

Includes debate on possible BBC licence fee commission

[Digital Economy Bill](#)

HC Deb 26 April 2017 c1124

Extract on possible BBC licence fee commission

[Broadcasting](#)

HC Deb 18 October 2016 c694-770

[BBC Charter](#)

HL Deb 12 October 2016 c1943-2000

[BBC](#)

HL Deb 15 September 2016 c1573-84

[Free television licences for pensioners](#)

EDM 2, 25 May 2010

4. Further reading

[Petition and Government response: 170931](#)

[Petition and Government response: 200239](#)

Library papers

[TV licence fee statistics](#), Commons Library Briefing Paper 8108, 5 October 2017

Committee of Public Accounts, [BBC licence fee](#), HC 1037, 26 April 2017

National Audit Office, [TV licence fee collection](#), 23 January 2017

Select Committee on Communications, [BBC Charter Review: Reith not revolution](#), HL 96, 24 February 2016

Chapter 5: Process for setting the level of the Licence fee

Culture, Media and Sport Committee, [Future of the BBC](#), HC 315, 26 February 2015

Chapter 6: Funding

Gov.UK, [Get a free or discounted TV licence](#)

“You can get a free TV licence if you’re 75 or over and a discount if you’re blind or in residential care.

You can also get a short-term licence if you’re 74. It’s valid until the end of the month before your 75th birthday”.

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