[GB] United Kingdom Proposes Extra Digital Licence Fee to Support the BBC

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A report commissioned by the UK Government on future financing of the BBC has made a number of important recommendations. It was made by an independent panel headed by Gavyn Davies, an influential economist. The recommendations are not binding on the Government but are likely to be extremely important in shaping future Government policy. The bulk of BBC funding has come in the form of the annual licence fee payable by all users of television sets; however, this has not kept pace with broadcasting inflation and provides only limited funds for the development of new services.

The most controversial proposal is for the introduction of an additional licence fee to be paid on top of the existing licence fee of Brittish Pounds (GBP) 101 per year by all who take up digital services. It will start at GBP 24 per year (approx. 36 euros) and will fall to GBP 12 by 2006, after which it will be abolished. This is expected to produce an extra GBP 150-200 million per year, much less than the GBP 650 the BBC had asked for. The Committee has also recommended the introduction of a new half-price television licence for the blind. The Committee recommended against the introduction of advertising, sponsorship or subscription to the BBC's core services. However, it recommended that two departments of the BBC should be privatised; Worldwide, its commercial operation, of which a 49% stake should be sold, and Resources, its studios, facilities and technical arm, which should be 100% sold. The proceeds should be retained by the BBC rather than being passed to the Government.

The Committee also recommended that the BBC's spending should be monitored by the National Audit Office, the Parliamentary body which scrutinises public spending. The accounts should also be made more transparent with an investigation into accounting methods being undertaken by the Office of Fair Trading. The reaction to the report has been critical but in rather contradictory ways. The digital licence fee has been opposed by other digital broadcasters as a `tax on innovation' which will slow the take-up of digital technology. The BBC, on the other hand, whilst supporting the fee in principle, is dissatisfied with the amount of funding which will result, claiming that it will not permit the Corporation to maintain the standards of public service broadcasting in the digital future. The Corporation is also opposed to the privatisation proposals as threatening public service values, and to the audit proposals as an attack on its historic independence. The final decision in now in the hands of the Government.

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The Future Funding of the BBC.

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