[GB] Government Rejects Special Digital Licence Fee

IRIS 2000-3:1/16

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The UK Government has decided to fund the extra costs of the development of the BBC's digital services through an increase in the general licence fee, thus rejecting the proposal made by an official committee for a special, temporary, digital supplement to the licence fee (IRIS 1999-8: 11). This follows extensive criticism of the proposal from a Parliamentary Committee (IRIS 2000-1: 11) and strong lobbying against it by commercial broadcasters.

The Culture Secretary announced on 21 February 2000 that the cost of the current television licence will be increased by 1.5 per cent above the Retail Price Index (setting out the general rate of inflation) in each year up to and including 2006/7. This will give the BBC an estimated Pound Sterling (GBP) 200 million extra per year to help fund new channels and programmes. However, the BBC will also be expected to raise around GBP 1.1 billion through efficiency savings and increased income, considerably more than its current target.

There will also be a review of progress in the BBC's implementation of its digital programme and all services, starting with News 24, will be subject to detailed review to ensure that they fulfil a public service role. Further changes have been made to the licence fee to increase the concessionary rate for blind people and to provide free licences to people aged 75 or over.

The Secretary explained his reduction of the digital fee on the grounds that the benefits of extra funding will be available to all services and that switchover to digital will take place earlier than anticipated (see IRIS 1999-9: 15). He emphasised that the new funding must be used to support public service broadcasting and not, for example, dedicated film and sport channels already provided through the marketplace. Extra scrutiny will also take place of the BBC's fair trading systems and controls to prevent the subsidy of services in a competitive marketplace, and further transparency in financial reporting will be required.

Press Release 37/2000, 21 February 2000, "Government Announces BBC Licence Fee Rises by £3 in Return for £1 Billion Savings and Extra Accountability in Digital Age".

http://www.culture.gov.uk/creative/search.asp?Name=/pressreleases/creative/2000/dcms037

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