[GB] BBC Licence Fee Frozen for Next Six Years

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Tony Prosser
University of Bristol Law School

As part of the fundamental review of public expenditure in the UK, the BBC licence fee has been frozen for the next six years at GBP 145.50. This is the result of agreement between the Corporation and the Government. It had been originally proposed that the BBC would be expected for the first time to meet the cost of free television licences for the over-75s, but this was bitterly opposed by the BBC Trust. Instead, the BBC has agreed to take over the funding of its World Service, currently directly funded by the UK Foreign Office. It will also assume the costs of BBC Monitoring (an open source news and information publisher) and some of the costs of the Welsh language TV channel S4C, currently funded by the Department for Culture, Media and Sport. Funds ring-fenced by the BBC for the switchover to digital TV will now contribute to the rollout of broadband.

The overall effect is to impose a 16% real terms cut in BBC funds over six years, resulting in annual savings of £340 million per year to government funds. This has however to be seen in the context of a cut of 25% in the overall budget of the Department for Culture, Media and Sport over the next five years and the BBC director-general considered it “a realistic deal”. The process proved controversial; normally the licence fee review is a lengthy process involving extensive consultation, but in this case agreement was reached in three days of private negotiations between the Government and the BBC as part of the overall review of government spending. The change to the funding of S4C has proved particularly controversial, with S4C threatening to seek judicial review of the decision, as it had not been consulted about it in advance.

“Television licence fee to be frozen for next six years”, BBC News: Entertainment and Arts, 20 October 2010

http://www.bbc.co.uk/news/entertainment-arts-11572171

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