[GB] Government sets BBC License fee formula for the next five years

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Tony Prosser
University of Bristol Law School

The UK Government has now announced details of the formula for increases over the next five years in the licence fee which funds the BBC. The fee is payable annually by all users of television sets, irrespective of viewing habits, and permits the BBC to be free of the commercial pressures of advertising as no advertisements are carried on its services. The current figure for a colour television licence is £89.50 per year.

In order to minimise governmental pressure which could occur if the funding were renegotiated each year, the new formula is linked to the annual inflation rate, determined by the change in the Retail Price Index (RPI). The formula is as follows: Year One (1997-8) RPI Year Two (1998-9) RPI plus 3% Year Three (1999-2000) RPI plus 0.5% Year Four (2000-2001) RPI minus 1% Year Five (2001-2002) RPI minus 2.5% The higher figures in earlier years reflect the need for expenditure on new digital services, whilst the lower later figures are affected by proceeds from the sale of the BBC's transmitters and planned increases in efficiency savings and commercial income.

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