

Will Hypothecation Remain the Name of  
the Game?  
The Future of the Television Licence Fee  
in the UK

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# The Television Licence Fee - a Hypothecated Tax

- A Hypothecated Tax – therefore unpopular with UK Treasury
- A Flat Rate per household, therefore fiscally regressive
- Not necessary to receive radio broadcasts
- Exemption for households with people over 75 years
- A fine for non-payment, but local magistrates often refuse prison for non-payment of fines

# Hypothecated for What?

(i)

- Revenues traditionally paid to BBC
- BBC Charter 2007 – 2016. Level of licence fee agreed for 2007 – 2011
- BBC has six public purposes – the sixth of which is “helping to deliver the benefit of emerging communications technologies and services, *and in addition, taking a leading role in the switchover to digital television.*”
- “Freeview” (DTT Platform) effectively subsidises private sector TV companies

# Hypothecated for What?

(ii)

- Government's agreement with BBC allows Secretary of State only to allow the BBC "such proportion of licence fee revenues as he thinks fit"
- Digital Switchover will be complete by 2012, so Ofcom and others want licence fee revenues which are used to promote digital switchover for either a "public service publisher" or "regional news broadcasts with regional newspapers"

# From Broadcasting to On-Demand Services

- BBC has expanded into on-demand services, such as website, catch-up TV etc
- Strategic Review proposes cutbacks to website and digital radio channels
- BBC Trust recognises BBC's need to limit "its involvement in future platforms" and to strike balance "between pursuing new technology and fixing existing gaps in coverage"

# Broadband and NGA Roll-out

- Cross-party consensus on the need to provide universal access to broadband and superfast networks
- Former Labour Government wanted monthly tax on (land) telephone usage but not mobile
- Conservatives have proposed increased demands on British Telecom, or if not use of TV licence revenues
- Ofcom has proposed to allow BT's rivals to use BT's tunnels and telephone poles to keep down prices

# Future Uses of TV Licence Fee

- Future uses of TV Licence Revenues are uncertain
- Already used for Digital Switchover
- Post 2011, they could be used for more programmes, or for super-fast broadband
- UK Treasury will be happy if television licence fee revenues are progressively “de-hypothecated”