

cc Mr Ingham
Mr Scholar

Prime Minister

Content with the Home Secretary's draft?

Yes ~~not~~

MAD
27/11

From: THE PRIVATE SECRETARY
CONFIDENTIAL



HOME OFFICE
QUEEN ANNE'S GATE
LONDON SW1H 9AT

26 November 1981

Dear Peter

I attach a draft of the statement announcing the increases in the television licence fees which the Home Secretary proposes to make after Questions on Tuesday, 1 December. (After a request from Mr Hattersley, the Home Secretary agreed that the statement should be oral.) The Home Secretary would be grateful to know if the Chancellor would be content with the terms of the draft.

I am sending a copy of this letter to Mike Pattison (No 10) and David Wright (Cabinet Office).

Jan cur
Alex Jackson

A P JACKSON

P S Jenkins, Esq.

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DRAFT STATEMENT

TELEVISION LICENCE FEES

1. Mr. Speaker, I will with permission make a statement about the television licence fees. As hon. and rt. hon. Members will be aware, the B.B.C. has made an application for an increase in the colour licence fee to about £50 to last for three years. In considering that application it is my duty to ensure that the Corporation's Home Services are adequately funded, and at the same time to have regard to what is fair to the licence fee payer.
2. I have therefore decided, and have today laid the necessary regulations, to increase the fee for a colour television licence from £34 to £46 and for a monochrome licence from £12 to £15. The new fees come into effect at midnight tonight. It is my intention that this level of fees should last for at least three years and I shall be making it clear to the B.B.C. that I shall expect it to pay off its current deficit and live within the revenue which these new levels of fees will produce until the end of the 1984/85 financial year.
3. My purpose in deciding on an increase to last for at least three years is to make the licence fee system work as it should.
4. It is also my aim to fix the level of fees for a period which will enable the Corporation to plan ahead more effectively. A three year increase will require considerable financial discipline on the part of the Corporation; and the extent to which it will be able to pursue its plans for new or improved services will depend crucially on its ability to keep down its costs, particularly labour costs.

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5. In this context the Board of Governors has announced that it has commissioned a wide ranging review of the systems by which the B.B.C. monitors its efficiency. I welcome this decision, which indicates how seriously the Board of Governors take their responsibility for ensuring that the licence fee paying public gets an efficient service and value for money.

6. I recognise that it is not easy for some people to find the licence fee in a single lump sum each year. I therefore intend to provide a range of means to enable members of the public who wish to do so to spread the cost of the licence fee over the year. To supplement the successful and widely-used television saving stamps scheme, I have approved plans for the introduction of payments by instalments. We propose in the course of next summer to start accepting monthly instalments towards the following year's licence fee by means of direct debit from bank accounts, and to introduce at least a pilot scheme for payment by credit cards. This will be followed, I hope by the summer of 1983, by a scheme for the payment of monthly cash instalments over Post Office counters towards the following year's fee.

7. Mr. Speaker I believe that the three year increases which I have today announced, coupled with greater flexibility in the methods of payment, will do much to strengthen the licence fee system and preserve the independence of the B.B.C.

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