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TV

CONFIDENTIAL



Prime Minister

This is appalling.

Treasury Chambers, Parliament Street, SW1P 3AG

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30 March 1982

The Rt. Hon. William Whitelaw CH MC MP
Secretary of State for the Home Department

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BBC PAY

I understand that the BBC have offered their staff a 6½ per cent increase in basic salaries. Moreover, and even more worrying, they apparently propose a double figure percentage increase in London Weighting (which a high proportion of BBC staff must get), and a reduction of no less than three hours in the working week of weekly paid staff. This last concession alone would, on the face of it, be worth about 7 per cent.

The effect of the offer on earnings and on the pay bill seems likely to be large. On top of last year's increase of about 11 per cent, it suggests a degree of irresponsibility in the BBC's approach to pay costs. Is there nothing we can do to encourage a more stringent approach?

As you made clear in announcing our decisions on the licence fee, the BBC cannot expect us to re-open them if their pay costs take off, as now seems on the cards.

I am copying this letter to the Prime Minister, members of E(PSP), to Mr Ibbs and to Sir Robert Armstrong.

[Handwritten signature]

GEOFFREY HOWE

30 MAR 1982



30 pm

Television Licence Fee

The Secretary of State for the Home Department
Mr. William Whitelaw: With permission, Mr. Speaker, I shall make a statement about the television licence fees. As right hon. Members will be aware, the BBC has made an application for an increase in the colour television 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.

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 make it clear to the BBC that I shall expect it to pay off its current deficit and live within the revenue that these new levels of fees will produce until the end of the 1984-85 financial year.

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. It is also my aim to fix the level of fees for a period that 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.

In that context, the board of governors has announced that it has commissioned a wide-ranging review of the systems by which the BBC monitors its efficiency. I welcome that decision, which indicates how seriously the board of governors takes its responsibility for ensuring that the licence fee paying public get an efficient service and value for money.

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, during 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. That 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.

I believe that the three-year increases that I have announced today, coupled with greater flexibility in the methods of payment, will do much to strengthen the licence fee system and preserve the independence of the BBC.

Mr. Roy Hattersley (Birmingham, Sparkbrook): Is the Home Secretary aware that Opposition Members believe that the BBC should be financed in a way that both preserves its independence and enables it to maintain the high levels of its programmes? I therefore accept that an income of the sort that the Government propose is necessary, and that it should be obtained by means of a

licence fee. However, is the right hon. Gentleman equally aware that a television licence fee of £46 will bear heavily on some members of the public, particularly retirement pensioners? The fact that the increase will be reflected in the retail price index is no comfort because, at best, the pension will be adjusted next November to compensate for tonight's new licence level and, at worst, next year's pension increase, like this year's, will not reflect the full change in the cost of living. Nor will the variety of easy payment schemes be of much benefit to most pensioners, few of whom—whatever may be said to the contrary—will ever possess credit cards, and all of whom will be required to pay instalments on next year's licence this year, in advance of receipt of programmes.

Therefore, I repeat to the right hon. Gentleman what my hon. Friend the Member for Halifax (Dr. Summerskill) said in the summer, that we shall not support the proposed increase unless a concession is made for retirement pensioners and the chronically sick.

May I suggest one means of raising compensating revenue for that purpose? Is it not absurd that the Savoy Hotel, for example, with hundreds of television sets used for commercial purposes, should pay the same licence fee as a single pensioner? Should there not therefore be a separate and higher commercial fee, separate from and higher than the domestic licence? Should it not be levied on every set in commercial use?

Mr. Whitelaw: I am glad to hear the right hon. Gentleman accept that the licence fee is the best method of financing the BBC. I am also glad to hear him say that the sort of income that I have designed through the licence fee is what he believes to be correct for the BBC over the next three years.

I accept that the problems of pensioners cause considerable anxiety. The easy payment schemes that I have proposed to introduce supplement the television stamps, which are available to pensioners and are helpful. A large proportion of television licences are now taken out by that method, which shows that it is valuable and worth while.

I accept that there is a problem with hotels. We set up a working party on the matter, which recommended that hotels should pay more. I am prepared to consider how best we should implement that proposal.

Mr. Peter Emery (Honiton): Does not my right hon. Friend accept that a 36 per cent. increase in the licence fee is steep, but that people will accept it on the understanding that it is essential to keep the BBC independent of any political pressure? Therefore, will my right hon. Friend also ask the BBC to look particularly at those small areas of the country where reception is very bad? There are areas that have been promised improvements in their reception for five and six years—places in Devon where hills and coombs make ordinary reception difficult? That promise by the BBC has not been fulfilled. Is my right hon. Friend aware that people in those areas will find it unpleasant to have to meet this increase when they have had no improvements in reception over the last five years?

Mr. Whitelaw: On my hon. Friend's first point, it is fair to say that the proposal for an increase in the licence fee is to last for three years. It is important for the House and the country to appreciate that under the arrangement there will be no increase in the licence fees for three years from now.

The Prime Minister: Yes, Sir. I wholly agree with my hon. Friend. That is exactly what we have done. In fact, retirement pensions have kept up with the cost of living.

Mr. Donald Stewart: Is the Prime Minister aware that the imposition of the NATO base on the Western Isles is resisted by most of the people there—

Mr. Speaker: Order. The right hon. Gentleman's question is not related to earnings-related benefit.

Mr. McCrindle: Will my right hon. Friend take this opportunity to repeat that the Government's policy on the taking up of social benefits is to give publicity to what is available and to encourage the maximum take-up at the same time as the Government pursue their perfectly legitimate campaign against the fraudulent claims about which we are sometimes abused?

The Prime Minister: My hon. Friend has expressed perfectly. I cannot improve upon what he has said, I can only endorse his remarks.

Mr. Peter Bottomley: Will my right hon. Friend take steps to ensure that when poor families apply for any benefit the benefit office checks to see whether they are entitled to any other benefits at the same time?

The Prime Minister: That is an administrative matter. It seems to be a good idea that that should happen. I shall, of course, convey the suggestion to my right hon. Friend the Secretary of State for Social Services, who may have heard it, to see whether it is administratively possible.