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COB/



QUEEN ANNE'S GATE LONDON SW1H 9AT

14 January 1987

Dear Paul,

NBPN.

PEACOCK COMMITTEE:
ROLE OF THE POST OFFICE IN TV LICENSING

FIG WITH ON

I am sorry that you have not had an earlier reply to your letter of 20 November about the MISC 128 decision in principle that responsibility for the administration of the licence fee should be transferred to the BBC. I wanted first to establish - which I have now done - that the BBC was willing to accept it.

For general reasons I accept your view that no major changes to the arrangements for licence fee collection should take effect before April 1988. In the first place legislation will be needed to give the BBC responsibility in its own right for licence fee collection. Even if it were possible to do this within the scope of ~~next~~ year's Finance Bill - and I understand there is substantial doubt about this - it would inevitably take the BBC some time to come to its own view on changes which it might want to introduce and then to put them into practice. In both practical and contractual terms - you will know from the Post Office that our agreement with the National Television Licence Records Office is subject to a minimum termination period of twelve months - I am sure that there cannot be any significant shift of business away from the Post Office before April 1988.

Having said that, it is also clear that some reduction in the involvement of the counters side of the Post Office is inevitable. Automated payment systems offer the prospect both of administrative savings and improvements in the control of evasion; and it is only right, particularly when we are indexing the licence fee to the RPI and so placing the BBC under pressure to spend its revenue more efficiently, that every effort should be made to make the collection of that revenue more efficient too. The Post Office is aware of this, and has already undertaken detailed planning for investment in new technology and organisational change at the Records Office which would make it well placed to compete for new automated licence fee payment business.

I see no difficulty in referring to April 1988 as the earliest possible date if the point comes up in debate following our announcement of the indexation of the licence fee and related matters.

I am copying this letter to the Prime Minister, other members of MISC 128, and to Sir Robert Armstrong.

Conner,

Douglas.

The Rt Hon Paul Channon, M.P.

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BROADCASTING BBC finances PT3

