



QUEEN ANNE'S GATE LONDON SW1H 9AT

14 July 1987

Dear Nigel,

TV LICENCES: PAY-AS-YOU-GO

Thank you for your letter of 19 May.

You expressed some doubt in your letter about the likely demand for a pay-as-you-go scheme, although you did not seek to dispute my estimate of up to £170 million as the amount of borrowing that the BBC might have to undertake to cover the temporary cash-flow effects of my proposals. That estimate assumed a maximum take-up of 50% over 3 years, and was largely based on the advice of the consultants who last year carried out the market research in preparation for the successful TV licence direct mailing campaign that has just been completed.

In the light of your reservations, I have asked for supplementary market research to be carried out. This will compare the likely demand for the pay-as-you-go scheme described in my letter against alternative instalment schemes which minimise the need for BBC borrowing. I shall write to you again after I have had an opportunity to consider the results of this research.

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

over,

David In.

The Rt Hon Nigel Lawson, MP

BROADCASTING: TV licence fees
Pr 4

