

cc/PU



Prime Minister ²

HOME OFFICE
QUEEN ANNE'S GATE
LONDON SW1H 9AT

26 October 1988

Dear Dominic

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TELEVISION LICENCE FEE INCREASES

I am writing to let you know that the Home Secretary proposes to announce tomorrow that the television licence fees will be increased from next April to £66 for colour and £22 for monochrome.

On 27 October last year he announced that the licence fees for the three years starting from 1 April 1988 would be increased annually in line with movements in the Retail Prices Index. As he had previously announced on 14 January 1987, the calculations would be based on the movement in the Index over the 12 months to the preceding September.

The current fee of £62.50 for colour and £21 for monochrome is the result of rounding last year's indexed increase to the nearest 50p, for consumer convenience and economy of administration. The September RPI shows a year on year increase of 5.9%. Applying this to the current unrounded figure produces precisely indexed fees of £66.21 and £22.07. It is clearly sensible to round these once again to the nearest 50p, which produces fees of £66 and £22. The effect of rounding down on this occasion will be a notional loss to the BBC of about £3.75 million.

The Home Secretary proposes to announce the new fees by way of written reply to an arranged Parliamentary Question tomorrow, at the same time as the annual pension and social security upratings are announced by the Social Services Secretary. I enclose for your information and that of recipients of this letter the draft of that announcement.

I am copying this letter and its enclosures to the Private Secretaries to other members of MISC 128, the Social Services Secretary and Sir Robin Butler.

Yours sincerely

Catherine Bannister

MISS C J BANNISTER

Dominic Morris, Esq.

TELEVISION LICENCE FEE INCREASES

DRAFT ARRANGED PQ FOR ANSWER ON (?) * THURSDAY 27 OCTOBER

* to be confirmed with T2 Division

To ask the Secretary of State for the Home Department whether he is yet able to announce the level of the television licence fees to take effect from 1 April 1989; and if he will make a statement.

DRAFT REPLY

On 27 October last year, at Column 204, I announced that the licence fees for the three years starting from 1 April 1988 would be calculated in accordance with changes in the Retail Prices Index, which determine the rate of increase of pensions and other state benefits.

The RPI figure for September published on 14 October showed a year on year increase of 5.9 per cent. I have accordingly decided that from 1 April 1989 the colour licence fee should be £66 and the monochrome fee £22. The necessary regulations will be laid before the House in due course.

<ak>sub/smi/bann/tvl/fees/21/10/encl

