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10 DOWNING STREET  
LONDON SW1A 2AA

*From the Private Secretary*

29 October 1989

Dear Sara,

**TELEVISION LICENCE FEE INCREASES**

Thank you for your letter of 25 October which the Prime Minister has seen. She is content with the terms of the proposed Parliamentary Written Answer.

I am copying this letter to the Private Secretaries to Members of MISC 128, Rt Hon Tony Newton and Sir Robin Butler.

Yours  
P.G.

PAUL GRAY

Ms. S. J. Dent,  
Home Office

*copy*



HOME OFFICE  
QUEEN ANNE'S GATE  
LONDON SW1H 9AT

25 October 1989

*Price Minister!*  
*Constat with the*  
*stated wrapped PQ answer.*

*Dear Paul*

**TELEVISION LICENCE FEE INCREASES**

*RACG*  
*2/10/89*  
*Y*  
*W*  
*nb*

I am writing to let you know that the Home Secretary proposes to announce shortly that the television licence fees will be increased from next April to £71 for colour and £24 for black and white.

On 27 October 1987 the Home Secretary 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 fees of £66 for colour and £22 for monochrome are the results of rounding last year's indexed increases to the nearest 50p, for consumer convenience and economy of administration. The September RPI shows a year on year increase of 7.6%. Applying this to the current unrounded figures produces precisely indexed fees (to the nearest penny) of £71.24 and £23.75. It is sensible to round these once again to the nearest 50p, which produces fees of £71 and £24. The effect of rounding this time will be a notional loss of revenue to the BBC of about £4.03 million.

This is the last year of the present indexing arrangements whereby the licence fees are increased automatically by the full amount of the RPI increase. As you know, we have made it clear that from 1 April 1991 onwards, fee increases may be set at less than RPI in a way which takes account of the BBC's capacity to generate income from subscription services.

/The new fees

Paul Gray, Esq  
Private Secretary  
10 Downing Street



The new fees are normally announced by way of a written reply to an arranged Parliamentary Question at the same time as the annual pension and social security upratings are announced by the Social Security Secretary. That announcement is to be today. We should therefore like our arranged Question to be announced as soon as possible thereafter. A draft question and reply are attached. I should be grateful to know by Monday morning if the Prime Minister is content. If, by chance, clearance could be given as early as tomorrow evening we would make the announcement on Friday.

I am copying this letter to the Private Secretaries to members of MISC 128, The Rt Hon Anthony Newton and Sir Robin Butler.

Yours sincerely  
Sara Dent

MS S J DENT

TELEVISION LICENCE FEE INCREASES

DRAFT ARRANGED PQ FOR ANSWER ON (?)\*

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 1990; and if he will make a statement.

DRAFT REPLY

On 27 October 1987, 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 determines the rate of increase of pensions and other state benefits.

The RPI figure for September published on 13 October showed a year on year increase of 7.6%. I have accordingly decided that from 1 April 1990 the colour licence fee should be £71 and the monochrome fee £24. The necessary regulations will be laid before the House in due course.

As was made clear in last year's White Paper on Broadcasting in the '90s (Cm 517), fee increases from 1 April 1991 onwards may be set at less than RPI in a way which takes account of the BBC's capacity to generate income from subscription.

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