

TV licence fee frozen for two years



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Fee will remain at £159 until 2024 before rising in line with inflation for four years

Households will not see any change to the licence fee until 1 April 2024

New agreement gives broadcaster certainty while protecting public from price hike

Culture Secretary Nadine Dorries today announced the fee will remain at £159 until 2024 and then rise in line with inflation for the following four years.

The plans for the new licence fee settlement cover a period of six years and will take effect from 1 April 2022 until 31 March 2028.

The settlement will give the corporation the financial certainty it needs and a clear funding stream to deliver effectively on the Mission and Public Purposes set out in its Royal Charter while protecting households at a time when many are facing financial pressures.

It means the BBC is expected to receive around £3.7 billion in licence fee funding in 2022 and £23 billion over the duration of the settlement period. The BBC also receives more than £90 million per year from the government to support the BBC World Service.

The Welsh language broadcaster S4C plays a unique role promoting the Welsh language, and supporting our wider public service broadcasting landscape. It will receive a similar settlement and is also allocated an extra £7.5 million a year to develop its digital offering. This will help it reach more Welsh language speakers including younger audiences.

Culture Secretary Nadine Dorries said:

The BBC is a great national institution with a unique place in our cultural heritage. It broadcasts British values and identities all over the world and reaches hundreds of millions of people every day.

But at a time when families are facing a sharp increase in their living costs we simply could not justify asking hard-working households to pay even more for their TV licence.

This is a fair settlement for the BBC and for licence fee payers. The BBC must support people at a time when their finances are strained, make savings and efficiencies, and use the billions in public funding it receives to deliver for viewers, listeners and users.

The BBC's Royal Charter sets out that the current licence fee model should remain in place until the Charter concludes on 31 December 2027 and the Culture Secretary is required to set out funding for the corporation for the remainder of the period.

The Charter requires the Culture Secretary to assess the BBC's commercial income and activities and the level of funding required for effective fulfilment of its Mission and Public Purposes.

Following a period of negotiation she has concluded the settlement must shield licence fee payers from the current inflationary pressures for the next two years while providing billions of pounds and secure funding for the BBC for the next six years.

She believes the settlement strikes the right balance between protecting households and allowing broadcasters to deliver their vital public responsibilities while also encouraging them to make further savings and efficiencies.

Using current economic estimates it is expected that under this settlement the cost of the licence fee will increase by only around £3.50 in 2024 to £162.50. While inflation can change, by the final year of the settlement it is anticipated

the licence fee will cost less than £175.

Further government support

The government has committed to support the BBC in what is a fast-changing broadcasting landscape by more than double the borrowing limit of the BBC's commercial arm to £750 million.

This will enable the BBC to fund a commercial growth strategy which can benefit the creative economy across the UK. The UK's creative industries are a vital part of the economy and in 2019 contributed £115.9 billion to the country.

Next steps

The licence fee settlement is only one step in the government's roadmap for reform of the BBC.

Later this year, as part of the Mid-Term Review of the BBC's Charter, the government will start to consider the overall governance and regulation of the BBC, whether the current arrangements are working effectively and whether reforms are necessary.

Following the BBC's 10-point action plan on impartiality and editorial standards in response to the Serota Review, the Mid-Term Review will also look at whether the plan has contributed to improving the internal governance of the organisation.

Looking further into the future and, in light of the huge changes in the broadcasting landscape over the past decade with the arrival of streaming and video on demand, the government will also separately consider whether the licence fee will remain a viable funding model for the BBC. No decision on the future of the licence fee has been made.

Notes to editors

S4C's settlement will consolidate S4C's current £74.5m annual Licence Fee funding with its current £6.8m annual DCMS grant income. It will also award S4C a further £7.5 million per annum from the Licence Fee to support its digital

development. This follows a five-year funding freeze.

In total, this will provide S4C with approximately £88.8 million in Licence Fee funding per annum, which will rise in line with increases to the Licence Fee linked to inflation after the second year of the settlement period.

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